

WANG ON GROUP<01222> - Results Announcement  
Wang On Group Limited announced on 06/07/2005:  
(stock code: 01222 )  
Year end date: 31/03/2005  
Currency: HKD  
Auditors' Report: Unqualified

	(Audited ) Current Period from 01/04/2004 to 31/03/2005 Note ('000 )	(Audited ) Last Corresponding Period from 01/04/2003 to 31/03/2004 ( '000 )
Turnover	: 364,123	296,565
Profit/(Loss) from Operations	: 95,397	53,712
Finance cost	: (4,326)	(2,041)
Share of Profit/(Loss) of Associates	: (15,000)	(10,307)
Share of Profit/(Loss) of Jointly Controlled Entities	: N/A	N/A
Profit/(Loss) after Tax & MI	: 70,127	29,285
% Change over Last Period	: +139 %	
EPS/(LPS)-Basic (in dollars)	: 0.489	0.241
-Diluted (in dollars)	: 0.470	0.228
Extraordinary (ETD) Gain/(Loss)	: N/A	N/A
Profit/(Loss) after ETD Items	: 70,127	29,285
Final Dividend per Share	: 12.0 cents	7.0 cents
(Specify if with other options)	: N/A	N/A
B/C Dates for		
Final Dividend	: 09/08/2005	to 12/08/2005 bdi.
Payable Date	: 19/08/2005	
B/C Dates for Annual		
General Meeting	: 09/08/2005	to 12/08/2005 bdi.
Other Distribution for Current Period	: One bonus share for every five shares	
B/C Dates for Other		
Distribution	: 09/08/2005	to 12/08/2005 bdi.

Remarks:

1. IMPACT OF RECENTLY ISSUED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND EARLY ADOPTION OF HKFRSs

The Hong Kong Institute of Certified Public Accountants has issued a number of new Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations, herein collectively referred to as the new HKFRSs, which are generally effective for accounting periods beginning on or after 1 January 2005.

The Group has early adopted the following new HKFRSs in the financial statements for the year ended 31 March 2005:

"HKFRS 3"Business Combinations"

"HKAS 36"Impairment of Assets"

"HKAS 38"Intangible Assets"

"HKAS 40"Investment Property"

"Interpretation 24"Revenue - Pre-completion Contracts for the Sale of Development Properties"

The major effect of the adoption of these HKFRSs are summarised as follows:

- (a) The adoption of HKFRS 3, HKAS 36 and HKAS 38 has resulted in a change in the accounting policy for goodwill and negative goodwill. Prior to this:

" goodwill arising from acquisitions after 1 April 2001 was amortised on the straight-line basis over a period of not exceeding 20 years;  
" goodwill was assessed for impairment at each balance sheet date;  
" to the extent that negative goodwill did not relate to identifiable expected future losses and expenses as at the date of acquisition, negative goodwill arising from acquisitions after 1 April 2001 was recognised in the consolidated profit and loss account on a systematic basis over the remaining average useful life of the acquired depreciable/ amortisable assets; and  
" on disposal of subsidiaries or associates, any attributable goodwill or negative goodwill previously eliminated against or credited to the consolidated reserves at the time of acquisition was written back and included in the calculation of the gain or loss on disposal.

In accordance with the provisions of HKFRS 3:

"the Group ceased amortisation of goodwill from 1 April 2004;  
"accumulated amortisation of goodwill arising on the acquisition of subsidiaries and associates as at 1 April 2004 has been eliminated with a corresponding decrease in the respective cost of goodwill at that date;  
"from the year ended 31 March 2005 onwards, goodwill is tested annually for impairment, as well as when there are indications of impairment;  
"any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired as at the date of acquisition over the cost of the business combination is recognised immediately in the consolidated profit and loss account; and  
"on disposal of subsidiaries or associates, any attributable goodwill previously eliminated against the consolidated reserves at the time of acquisition is transferred to consolidated retained profits as a movement in reserves and not included in the calculation of the gain or loss on disposal.

HKFRS 3 is early adopted and the effect of its adoption on these financial statements in respect of the year ended 31 March 2005 is summarised as follows:

"accumulated amortisation of goodwill arising on the acquisition of subsidiaries and associates as at 1 April 2004 of HK\$1,637,000 and HK\$23,999,000, respectively, have been eliminated with a corresponding decrease in the respective cost of goodwill at that date;  
"the excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of those companies acquired by the Group during the year over cost of acquisitions in an aggregate amount of HK\$35,024,000 was fully recognised as income for the year ended 31 March 2005; and  
"in respect of disposal of a subsidiary during the year, the attributable goodwill previously eliminated against the consolidated reserves at the respective time of its acquisition of HK\$926,000 is not included in the calculation of the gain or loss on disposal.

(b) The adoption of HKAS 40 has resulted in a change in accounting policy for the Group's investment properties.

Changes in valuation of the investment property were previously dealt with in the investment property revaluation reserve, on a portfolio basis. Following the adoption of HKAS 40, all changes in valuation of the investment property would be recognised in the profit and loss account.

As permitted by the transitional requirements in HKAS 40, the comparative statements for the year ended 31 March 2004 have not been restated to conform to the new policy. The effect of the change in this accounting policy on the consolidated financial statements in respect of the year ended 31 March 2005 is to adjust the opening retained profits as at 1 April 2004 by reclassifying HK\$4,696,000 held in the investment property revaluation reserve.

(c) The adoption of Interpretation 24 has resulted in a change in accounting policy for the recognition of revenue arising from pre-completion contracts for the sale of development properties.

Prior to the adoption of Interpretation 24, the estimated profit on pre-sold properties under development was recognised over the course of

development of the properties after execution of the formal sale and purchase agreement. The amount of estimated profit was calculated based on the proportion of construction costs incurred over the total estimated construction costs to completion, after making due allowances for contingencies, and limited to non-refundable cash deposits received. In addition, properties under development which have been pre-sold were stated at cost plus estimated attributable profits less foreseeable losses and sales deposits received.

In accordance with the provisions of Interpretation 24, revenue arising from pre-completion contracts for the sale of development properties that do not fall within the scope of HKAS 11 "Construction Contracts" is recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the properties under development sold. Such properties are stated at cost.

There is no impact on these financial statements on the adoption of this interpretation as the Group did not have any pre-sold properties under development during the years ended 31 March 2005 and 2004.

The Group has not early adopted other new HKFRSs except for those mentioned above in the financial statements for the year ended 31 March 2005. The Group has already commenced an assessment of the impact of other new HKFRSs but is not yet in a position to state whether other new HKFRSs would have a significant impact on its results of operations and financial position.

## 2. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2005	2004
	HK\$'000	HK\$'000
Group:		
Current - Hong Kong		
Charge for the year	2,284	2,796
Underprovision/(overprovision) in prior years	(141)	213
Deferred	2,112	809
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	4,255	3,818
Share of tax attributable to associates	1,655	516
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Total tax charge for the year	5,910	4,334
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## 3. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the year of HK\$70,127,000 (2004: HK\$29,285,000), and the weighted average of 143,320,366 (2004: 121,746,522) ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the net profit attributable to shareholders for the year of HK\$70,234,000 (2004: HK\$29,285,000) after adjustment for interest saved upon deemed exercise of all convertible notes during the year. The weighted average number of ordinary shares used in the calculation is the 143,320,366 (2004: 121,746,522) ordinary shares in issue during the year, as used in the basic earnings per share calculation and the weighted average of 6,260,100 (2004: 6,807,774) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all the share options and convertible notes during the year.