



華 厦 置 業 有 限 公 司

WAH HA REALTY COMPANY LIMITED

(Stock Code: 278)

2019 ANNUAL REPORT

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Corporate Information

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Cheung Kee Wee, *BBA, Chairman*

Aged 67. Joined the Group and appointed a director in 1976. Elected Chairman in 2000. Elected as Chairman of the Nomination Committee in 2012. A director in each of the subsidiaries. Has over 40 years' experience in the property and building construction industry in Hong Kong. Mainly responsible for the management and supervision of the Group's property portfolio. Brother of Messrs Cheung Lin Wee and Cheung Ying Wai, Eric.

Mr. Cheung Lin Wee, *BFin*

Aged 61. Joined the Group and appointed a director in 1985. Appointed a member of the Nomination Committee in 2012. A director in each of the subsidiaries. Has over 30 years' experience in property management. Mainly responsible for the property management activities of the Group. Brother of Messrs Cheung Kee Wee and Cheung Ying Wai, Eric.

Mr. Cheung Ying Wai, Eric, *BSc*

Aged 57. Joined the Group and appointed a director in 1999. A director in each of the subsidiaries. Has over 20 years' experience in business management. Mainly responsible for the general management of the Group. Brother of Messrs Cheung Kee Wee and Cheung Lin Wee.

Non-executive Director

Mr. Ng Kwok Tung, *LIA (Dip), Chinese Law (Dip), BCom, CPA (Practising), CPACA, FCPA, ATiHK, MSCA, R.F.P.*

Aged 68. Appointed an independent non-executive director in 2001 and re-designated as a non-executive director in 2004. Also appointed a member of each of the Audit Committee and the Remuneration Committee in 2001 and 2005 respectively. A practising accountant in Hong Kong. A partner of Messrs Tony Kwok Tung Ng & Co.. An independent non-executive director of Fountain Set (Holdings) Limited and Palace Banquet Holdings Limited.

Independent Non-executive Directors

Mr. Lam Hon Keung, Keith, O.B.E., J.P.

Aged 79. Appointed a director in 1993. Also elected as chairman of the Audit Committee in 1998 and appointed a member of each of the Remuneration Committee and the Nomination Committee in 2005 and 2012 respectively. A Committee Member of Far East Exchange Limited (1975-1986) and a Council Member of the Stock Exchange of Hong Kong Limited (1987-1994). An ex-President of Rotary Club of Hong Kong South (1976-1977), an appointed unofficial member of the Legislative Councillor in 1984 and a member of the Social Welfare Advisory Committee (2000-2006). Active in community and social involvements – Chairman of the Hospital Governing Committee of the Hong Kong Buddhist Hospital, Vice Chairman of the Hong Kong Buddhist Association, etc.. A Fellow of the Hong Kong Institute of Directors and a Fellow of the Chartered Management Institute.

Mr. Chan Woon Kong

Aged 85. Appointed a director in 2004. Appointed a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee in 2004, 2005 and 2012 respectively. Also appointed the chairman of the Remuneration Committee in 2015. Has over 45 years' extensive experience in the banking industry in Hong Kong. Before his retirement in 2012, served in senior management of various banks including Far East Bank Limited, First Pacific Bank Limited, The Bank of East Asia, Limited, United Commercial Bank and East West Bank in Hong Kong.

Mr. Au-Yang Cheong Yan, Peter BSc (Business Studies), MSc (Accounting and Finance)

Aged 59, Appointed a director in 2014. Also appointed a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee in 2014. Has more than 20 years of experience in the financial services sector in the Asia-Pacific region. Joined the Hongkong and Shanghai Banking Corporation Limited ("HSBC") group in 1985 and became a co-head of Investment Banking, the Asia-Pacific region of the HSBC group in 2001. During the period with the HSBC group, worked on various equity capital fund-raising exercises and mergers and acquisitions projects in the Asia-Pacific region (1985-2003). An executive director and the chief operating officer of the Securities and Futures Commission (2003-2006). Before his retirement in 2016, was the Head of the Hong Kong office of the RGE Group.

Corporate Information *(CONTINUED)*

AUDIT COMMITTEE

Mr. Lam Hon Keung, Keith *(Chairman)*
Mr. Ng Kwok Tung
Mr. Chan Woon Kong
Mr. Au-Yang Cheong Yan, Peter

REMUNERATION COMMITTEE

Mr. Chan Woon Kong *(Chairman)*
Mr. Lam Hon Keung, Keith
Mr. Ng Kwok Tung
Mr. Au-Yang Cheong Yan, Peter

NOMINATION COMMITTEE

Mr. Cheung Kee Wee *(Chairman)*
Mr. Cheung Lin Wee
Mr. Lam Hon Keung, Keith
Mr. Chan Woon Kong
Mr. Au-Yang Cheong Yan, Peter

COMPANY SECRETARY

Mr. Chu Wing Man, Raymond

AUTHORISED REPRESENTATIVES

Mr. Cheung Kee Wee
Mr. Chu Wing Man, Raymond

BANKER

The Bank of East Asia, Limited

AUDITOR

PricewaterhouseCoopers

SHARE REGISTRAR

Hongkong Managers and Secretaries Limited
Units 1607-8, 16th Floor, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong
Telephone: (852) 3528 0290
Fax: (852) 2887 2054

REGISTERED OFFICE

Room 2500, Dominion Centre
43-59 Queen's Road East
Wanchai
Hong Kong
Telephone: (852) 2527 1821
Fax: (852) 2861 3771

STOCK CODES

The Stock Exchange of Hong Kong Limited
278
Reuters
0278.HK

WEBSITE

<http://www.wahha.com>

Group Structure

As at 31 March 2019

	Effective percentage of equity held by the Group	Principal activities
Holding Company		
Wah Ha Realty Company Limited	–	Investment holding
Subsidiaries		
Festigood Company Limited*	100	Property development
Galy Property Management Limited	100	Property management
Khanman Property Limited	100	Property investment
Tai Kong Shan Realty Limited	100	Property investment
Wah Ha Construction Company Limited	100	Building contractor
Wah Ha Real Estate Agency Limited*	100	Property agency
WH Properties Limited	100	Property investment
Associated Companies		
Daily Eagle Development Limited	25	Property development
Fu Kung San Realty Limited	50	Investment holding
Fupoly Properties Limited	25	Property investment
Hinquand Enterprise Limited	50	Property investment
Keneva Company Limited	25	Property development
Kin Yuen Hing Investment Company Limited	50	Property development
Mass Collection Company Limited	50	Property development
Remadour Estate Limited	25	Property investment
Sing Mei Properties Limited	25	Property investment
Star Fortune Investments Limited	50	Property development
Sun Prince Godown Limited	50	Property investment
Sun Tai Tsuen Godown Company Limited	50	Property investment
Wah Ha Property Development Limited	50	Property investment

All companies are incorporated in Hong Kong.

* Both of Festigood Company Limited and Wah Ha Real Estate Agency Limited were dissolved as from 6 June 2019.

Chairman's Statement

RESULTS

The profit attributable to equity holders of Wah Ha Realty Company Limited (the "Company") for the year ended 31 March 2019 amounted to HK\$137,209,804 (2018: HK\$258,945,995). Earnings per share for the year was HK\$1.13 (2018: HK\$2.14).

DIVIDENDS

The board of directors of the Company (the "Directors") (the "Board") has resolved to recommend a final dividend of HK11 cents (2018: HK11 cents) per share and a special dividend of HK12 cents (2018: HK150 cents) per share for the year ended 31 March 2019 to the shareholders of the Company (the "Shareholders") whose names appear on the Register of Members of the Company on Monday, 23 September 2019. Together with the interim dividend of HK11 cents (2018: HK11 cents) per share, total dividends for the year amount to HK34 cents (2018: HK172 cents) per share.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Group's revenues for the year ended 31 March 2019 amounted to HK\$15.8 million, an increase of about 19.4% from that of the previous year. This moderate increase was mainly attributable to the interest income recorded in the year under review being higher than that in 2018 by HK\$2.6 million.

For the year under review, the Group's profit attributable to equity holders was HK\$137.2 million, representing a significant decrease of about 47.0%. Amongst these, HK\$123.4 million (2018: HK\$137.0 million) was ascribed to the Group's share of the results of its associated companies. Earnings per share was HK\$1.13 as compared with HK\$2.14 of the last year. The absence of the one-off profit derived from the Company's disposal of its entire shareholding in an associated company of HK\$96.9 million was the main reason of the significant drop in net profit. Other attributable factors included the unfavourable net exchange differences of HK\$12.2 million, the fair value gains arising from revaluations of the Group's and its associated companies' investment properties and the profits from sales of properties being lower than those of the last year by HK\$13.3 million and HK\$1.6 million respectively. Further, the contribution from our core rental business was less than that of the last year by HK\$2.0 million. On the other hand, there existed some mitigating factors such as the better interest income of HK\$2.6 million and the better performance of the Group's securities investment of HK\$1.6 million.

Chairman's Statement *(CONTINUED)*

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW

Property Development, Investment and Management

During the year under review, the rental income of the Group and its associated companies was adversely affected by our previous disposals of properties and an interest in a property holding associated company. Nevertheless, our Rental Business still performed well. The overall contributions to the Group's net profit decreased by HK\$2.0 million.

During the year under review, an associated company acquired 2 residential units at Yau Ma Tei. On the other hand, certain associated companies of the Group disposed of certain properties which included 4 industrial units at Fanling and 1 industrial unit at Tsing Yi and the Group's share of after-tax profits were HK\$8.2 million (2018: HK\$9.8 million).

Subsequent to the financial year end, an associated company acquired 1 residential unit at Yau Ma Tei and entered into an agreement to acquire another residential unit at Yau Ma Tei.

Apart from the aforesaid, the Group did not acquire or dispose of any property during the year under review and up to the date of this report.

Investments

During the year under review, the contribution from the Group's securities investment improved by HK\$1.6 million. The outbreak of the trade war between the United States and China had brought about great volatility of RMB. Last year's rebound in the exchange rate of RMB/HK\$ no longer existed. Instead, net exchange losses of HK\$4.9 million for this year versus net exchange gains of HK\$7.4 million for last year was reported. On the other hand, the Group enjoyed better deposit interest rates in Hong Kong Dollar and a further improvement in interest income of HK\$2.6 million was recorded.

PROSPECTS

In the United States, President Trump's various policies had caused much controversies and uncertainties, such as the impositions of tariffs on China, European Union and Canada as well as the banning on the trade with the Chinese telecommunication giant Huawei. In respect of the Huawei issue, the alliances of the United States are persuaded to adopt similar approach. There are concerns about the positions taken in the nuclear issue of North Korea after the unsuccessful meeting between President Trump and the North Korean leader. In early 2019, the Federal Reserve had reversed its previous views on interest rates. In fact, reductions in interest rates and cessation of balance sheet normalization are anticipated in 2019. In Europe, the Brexit still casts great uncertainties on the economies of both the European Union and the Great Britain. In China, the Central Government is facing great pressures from the trade war initiated by the United States and the possibility of a sluggish economy.

For the year under review, the local economy was weak. The year-on-year GDP growth was 0.6% in the 1st Quarter of 2019 and the corresponding growth for private consumption expenditure was 0.2%. The seasonally adjusted unemployment rate stood at 2.8% which might indicate full employment. Inflation as reflected by the Composite Consumer Price Index for April 2019 was 2.9%. Fall backs were observed in imports, total exports and retail sales. However, the local property market is likely to benefit from the declining or at least stagnant interest rates. The shortages in land and housing supplies continue to render the upsurge or escalation in prices of residential units. Grievances from the general public may turn into political issues that the Government should not overlook.

It is a general consensus that both the global and local economies will inevitably weaken in the forthcoming year. The local property market in which the Group operates will not get away from the unfavourable environment. We will be cautious and will act prudently to bring about satisfactory returns to our shareholders.

Chairman's Statement *(CONTINUED)*

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2019, the Group had less than twenty employees and their remuneration are maintained at competitive levels. Total staff costs (including Directors' remuneration) amounted to HK\$7.7 million (2018: HK\$7.3 million). Remuneration policies are reviewed regularly by the Board and by the Remuneration Committee regarding Directors and senior management. Employees' salaries are determined on performance basis with reference to the market trend. In addition, discretionary bonuses are granted to eligible employees with reference to the Group's results and individual performance. Other benefits include education and training subsidies, medical and retirement benefits and paid leaves.

LIQUIDITY AND FINANCIAL RESOURCES

The Group is virtually debt-free and generally finances its operations with internally generated cash flows. The Group's cash and cash equivalents amounted to HK\$311.5 million at 31 March 2019 (2018: HK\$480.7 million). The Board believes that the Group has sufficient financial resources for its operations. The Group has no material exposure to foreign exchange rate fluctuation and material contingent liabilities.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere appreciation to the Shareholders, business partners and customers for their continued support and our management team and entire staff for their hard work and dedication. I would also like to express my heartfelt gratitude to my fellow Directors for their guidance and invaluable contribution.

Cheung Kee Wee
Chairman

Hong Kong, 27 June 2019

Report of the Directors

The Board has pleasure in submitting their report together with the audited financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Group are investment holding and property development, investment and management in Hong Kong.

SEGMENT INFORMATION

An analysis of the Group’s turnover and results by principal activities for the year is shown in Note 28 to the consolidated financial statements.

RESULTS

Results of the Group for the year ended 31 March 2019 are shown on page 57.

DIVIDEND

The Board has resolved to recommend at the forthcoming annual general meeting of the Company (“AGM”) to be held on Friday, 6 September 2019 a final dividend of HK11 cents (2018: HK11 cents) per share and a special dividend of HK12 cents (2018: HK150 cents) per share for the year ended 31 March 2019 to be paid on Wednesday, 2 October 2019 to the Shareholders whose names appear on the Register of Members of the Company on Monday, 23 September 2019.

Together with the interim dividend of HK11 cents (2018: HK11 cents) per share paid on Monday, 21 January 2019, total dividends for the year will amount to HK34 cents (2018: HK172 cents) per share.

DIVIDEND POLICY

The Company has adopted the dividend policy which sets out the guidelines for the Board to determine (i) whether dividends are to be declared and paid, and (ii) the level of dividend to be paid to the Shareholders. The Directors consider stable and sustainable returns to the Shareholders to be one of our objectives.

The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the Company’s Articles of Association (the “Company’s Articles”) and all applicable laws, rules and regulations of Hong Kong. The Company normally pays dividends twice a year, comprising the interim dividend and final dividend. The Board may declare special dividends in addition to such dividends as it considers appropriate.

Report of the Directors *(CONTINUED)*

DIVIDEND POLICY *(Continued)*

In considering the frequency, amount and form of any dividend to the Shareholders, the Board shall take into account, inter alia, the following factors:

1. the liquidity position of the Group, retained earnings and distributable reserves of the Company;
2. the actual and expected financial results of the Group;
3. the business conditions and strategies of the Company;
4. the capital requirements and expenditure plans of the Group;
5. the interests of the Shareholders;
6. the general economic conditions and other internal or external factors that may have an impact on the business and financial position of the Company; and
7. any other factors that the Board may consider relevant.

Pursuant to the Company's Articles and the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "Companies Ordinance"), the Company may distribute dividends by way of cash or scrip or by other means as the Board considers appropriate.

PARTICULARS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Particulars of subsidiaries and associated companies of the Company are shown in Notes 16 and 17 to the consolidated financial statements respectively.

FIVE YEAR FINANCIAL SUMMARY

A summary of the Group's results and of its assets and liabilities for the past five financial years is shown on page 111.

RESERVES

Details of the movements in reserves of the Group and of the Company during the year are shown in Note 23 and Note 29(b) to the consolidated financial statements.

DISTRIBUTABLE RESERVES

The Company considers the cumulative gains on revaluation of investment properties of HK\$73,635,540 (2018: HK\$70,635,540) included in retained profits are non-distributable as they do not constitute realised profits. As at 31 March 2019, the Company's reserves available for distribution to Shareholders as calculated in accordance with the provisions of Sections 297 and 298 of the Companies Ordinance amounted to HK\$333,216,376 (2018: HK\$470,021,557).

PROPERTIES

Details of the movements in investment properties are shown in Note 15 to the consolidated financial statements. Details of the principal properties held by the Group for investment, sale and development purposes are shown on pages 113 to 116.

SHARES ISSUED

Details of the shares issued by the Company during the year are set out in Note 22 to the consolidated financial statements.

DIRECTORS

The Directors during the year and up to the date of this report are:

Executive Directors

Mr. Cheung Kee Wee (*Chairman*)

Mr. Cheung Lin Wee

Mr. Cheung Ying Wai, Eric

Non-executive Director

Mr. Ng Kwok Tung

Report of the Directors *(CONTINUED)*

DIRECTORS *(Continued)*

Independent Non-executive Directors

Mr. Lam Hon Keung, Keith
Mr. Chan Woon Kong
Mr. Au-Yang Cheong Yan, Peter

In accordance with Article 99(A) of the Company's Articles, Mr. Cheung Ying Wai, Eric, Mr. Cheung Kee Wee and Mr. Ng Kwok Tung will retire from office by rotation at the forthcoming AGM and they, being eligible, offer themselves for re-election.

The Company has received from each Independent Non-executive Director of the Company ("INED") an annual confirmation of his independence pursuant to the independence guidelines under Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), and considers that all the INEDs are independent.

During the year and up to the date of this report, all the Executive Directors of the Company ("EDs") have served on the boards of all subsidiaries of the Company.

CHANGES IN INFORMATION OF THE DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, change in the information on the Director required to be disclosed is shown as follows:

Mr. Ng Kwok Tung, a Non-executive Director of the Company ("NED"), appointed as an independent non-executive director of Palace Banquet Holdings Limited (stock code: 1703) with effect from 25 January 2019.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract which is not determinable within one year without payment of compensation (other than statutory compensation) with the Company or its subsidiaries.

The term of office of each Director is the period up to his retirement by rotation in accordance with the Company's Articles.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year.

LOANS TO OFFICERS

No loans to the Company's officers (within the meaning of the Companies Ordinance) were made and outstanding at any time during the year or at the end of the year.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are set out on pages 2 and 3.

REMUNERATION OF DIRECTORS AND OF THE FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' remuneration and of the five highest paid individuals in the Group are shown in Note 10 to the consolidated financial statements. No contribution to pension scheme for Directors and past Directors was paid for the year.

There was no compensation paid during the year or receivable by the Directors for the loss of office as a Director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Save for those "Significant Related Party Transactions" described in Note 27 to the consolidated financial statements, no transactions, arrangement and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company and the Directors' connected parties had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Neither the Company nor any of its subsidiaries was a party to any arrangement to enable the Directors of the Company or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during the year or at the end of the year.

Report of the Directors (CONTINUED)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2019, the interests or short positions of the Directors and Chief Executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in Ordinary Shares of the Company

Name of Director	Personal interests	Corporate interests	Family interests	Total	% of issued share capital
Cheung Kee Wee	–	15,150,160 <i>(Note 1)</i>	–	15,150,160	12.52
Cheung Lin Wee	14,378,800	–	338,000 <i>(Note 2)</i>	14,716,800	12.17
Cheung Ying Wai, Eric	14,144,800	–	–	14,144,800	11.69

Notes:

- (1) These shares were held by Biochoice Limited ("Biochoice") (in which Mr. Cheung Kee Wee ("CKW") and his spouse in aggregate owned 50% interest) through its wholly owned subsidiary, Humphrey Group Limited ("Humphrey"). Therefore, CKW was deemed to be interested in these shares under the SFO.
- (2) The 338,000 shares were beneficially held by Ms. Wu Suet Yi, Rita, the spouse of Mr. Cheung Lin Wee ("CLW").

Save as disclosed above, as at 31 March 2019, none of the Directors or Chief Executives of the Company or any of their associates had or were deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

So far as is known to the Directors or Chief Executives of the Company, as at 31 March 2019, the following Shareholders (other than Directors or Chief Executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO as being directly or indirectly interested in 5% or more of the issued share capital of the Company were as follows:

Long Positions in Ordinary Shares of the Company

	Number of shares	% of issued share capital
Substantial Shareholders:		
Chin Lan Hong	32,162,800 (<i>Note 1</i>)	26.59
Kung So Ha, Anne	15,150,160 (<i>Note 2</i>)	12.52
Biochoice Limited	15,150,160 (<i>Note 3</i>)	12.52
Humphrey Group Limited	15,150,160 (<i>Note 3</i>)	12.52
Wu Suet Yi, Rita	14,716,800 (<i>Note 4</i>)	12.17
Hoh Kwok Hing, Corinne	14,144,800 (<i>Note 5</i>)	11.69
Persons other than Substantial Shareholders:		
Megabest Securities Limited	11,295,600 (<i>Note 6</i>)	9.34
Profit-taking Company Inc.	11,295,600 (<i>Note 6</i>)	9.34
Pullfield Company Limited	11,295,600 (<i>Note 6</i>)	9.34

Report of the Directors *(CONTINUED)*

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

(Continued)

Long Positions in Ordinary Shares of the Company *(Continued)*

Notes:

- (1) Out of the 32,162,800 shares, 11,295,600 shares were held by Megabest Securities Limited ("Megabest") of which Madam Chin Lan Hong was interested in the entire issued share capital, through the chain of ownership being described in Note (6) below; and 20,867,200 shares were held under her personal interests. Madam Chin is the mother of CKW, CLW and Mr. Cheung Ying Wai, Eric ("CYW"), all are the EDs.
- (2) Ms. Kung So Ha, Anne is the wife of CKW and was taken to be interested in these shares in which her spouse was interested under the SFO. These 15,150,160 shares related to the same block of shares as described in Note (3) below.
- (3) These 15,150,160 shares held by Biochoice and Humphrey respectively related to the same block of shares as described in "Corporate Interests" of CKW under the heading of "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures". These shares were held by Biochoice through Humphrey, the registered owner of the said 15,150,160 shares. CKW is a director of Biochoice and Humphrey.
- (4) Out of the 14,716,800 shares, 338,000 shares were beneficially held by Ms. Wu Suet Yi, Rita, and Ms. Wu was taken to be interested in the remaining 14,378,800 shares in which her spouse CLW was interested under the SFO.
- (5) Ms. Hoh Kwok Hing, Corinne is the wife of CYW and was taken to be interested in these shares in which her spouse was interested under the SFO.
- (6) These 11,295,600 shares held by Megabest, Profit-taking Company Inc. ("Profit-taking") and Pullfield Company Limited ("Pullfield") respectively related to the same block of shares as described in Note (1) above. These shares were held by Megabest through its wholly owned subsidiary, Profit-taking, which in turn held the entire issued share capital of Pullfield, the registered owner of the said 11,295,600 shares of the Company. CKW, CLW and CYW are directors of Megabest, Profit-taking and Pullfield.

Save as disclosed above, as at 31 March 2019, the Company has not been notified by any person (other than Directors or Chief Executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO as being directly or indirectly interested in 5% or more of the issued share capital of the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's issued shares during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate amount of revenues during the year attributable to the Group's five largest customers was 40.96% of the Group's total revenues, of which 16.4% was made to the largest customer.

The aggregate purchase of revenue items during the year attributable to the Group's five largest suppliers were less than 30% of the Group's total revenue purchases.

None of the Directors, their associates or any Shareholder who to the knowledge of the Directors owns more than 5% of the Company's issued share capital has an interest in the major customers or suppliers disclosed above.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 28 to 50.

BUSINESS REVIEW

A fair review of the business of the Group as required pursuant to Schedule 5 to the Companies Ordinance, comprising an analysis of the Group's performance during the year, a description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year 2018 as well as an indication of likely future development in the business of the Group are set out in the sections headed "MANAGEMENT DISCUSSION AND ANALYSIS" in "Chairman's Statement" on pages 7 to 9, "RISK MANAGEMENT AND INTERNAL CONTROL" in "Corporate Governance Report" on page 46 to 47 and "FINANCIAL RISK MANAGEMENT" under Note 3 to the Consolidated Financial Statements on pages 79 to 85 in this annual report.

The Board has ultimate responsibility for the Group's environmental, social and governance ("ESG") strategies and reporting. The Board oversees the direction of the Group's ESG practices. ESG performance is measured, reviewed and reported to the Board by the management regularly for continuous improvement.

Report of the Directors *(CONTINUED)*

BUSINESS REVIEW *(Continued)*

We maintain an open and transparent dialogue with our stakeholders to gather their views on what ESG issues matter most. We deal with various types of stakeholders, including employees, tenants, suppliers, Shareholders, investors, the media and local communities. We engage our key stakeholders on a regular basis across various platforms, such as meetings, interviews and surveys, to gauge their expectations and feedback on how we could address ESG issues in the best manner. This ESG report serves as an important tool to address the key concerns and interests of our stakeholders. Based on the inputs of our key stakeholders, we have prioritised aspects relating to emissions, use of resources, employment and labour practices, operating practices and community investment. Key initiatives and activities are summarised in the rest of this report.

Discussions on the environmental policies and performance, an account of the key relationships of the Group with its stakeholders including employees, customers and suppliers, disclosure of regulatory compliance by the Group with the relevant laws and regulations that have a significant impact on the Group as well as the disclosures made pursuant to the "Environmental, Social and Governance Reporting Guide" in Appendix 27 of the Listing Rules are set forth below:

Environmental Aspects

The principal activities of the Group are investment holding, property development, investment and management in Hong Kong. With respect to the business nature of the Group, no substantial air emissions and hazardous waste are produced from its operation. The Group advocates environmental protection by executing various measures to minimize environmental adverse impacts arising from its business activities.

1. Emissions

The greenhouse gas emission generated from the daily electricity power consumption is the main source of the Group's carbon footprint. To minimize the impact of carbon footprints on the environment, the Group implements energy-saving and energy efficiency measures like encouraging use of natural lighting, installing high-performance electric equipment, deploying LED lighting in office and most of the buildings under its property management, switching off unnecessary lighting and electrical appliances when they are not in use as well as setting the photocopiers in energy saving mode when not in use.

Our operational activities do not generate any hazardous waste. The Group strives to reduce the amount of non-hazardous waste generated and strengthen the environmental awareness of employees by various waste reduction measures such as encouraging the use of paper in an effective and efficient manner by printing or photocopying on both sides of paper and electronic communications is promoted.

2. *Use of Resources*

Regarding the business nature of the Group, we are not aware of any significant impact of our business activities on the environment and natural resources. Despite this, we endeavor to improve our environmental performance by implementing the aforesaid waste reduction measures and resources saving initiatives. To better manage the use of resources, the Group strives to reduce water consumption in daily operation by encouraging employees to turn taps off tightly and prevent dripping of water and giving priority to effective water-saving products, reusing packaging boxes and stationeries like file folders and envelopes as well as setting duplex printing as the default mode for most network printers. Most of the used cartridges are returned to the supplier for recycling purposes.

3. *The Environment and Natural Resources*

Given the nature of the Group's principle business activities, its operations are not expected to create much impact on the environment and therefore will not consume significant natural resources.

The Group continues to seek for better environmental practices and promotes the right environmental attitudes within the organization. During the year under review, the Group was not aware of any non-compliance of laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Environmental Performance Data Table

The following environmental data are prepared in accordance with Appendix 27 of the Listing Rules issued by the Stock Exchange.

Environmental Data	Unit	2018/19	2017/18
Total greenhouse gas (GHG) emissions	Tonne CO ₂ e	1,939	1,875
Scope 2 – Energy indirect emissions	Tonne CO ₂ e	1,939	1,875
Total non-hazardous waste produced	Tonne	481	511
Total energy consumption	kWh	2,795,242	2,699,809
Total indirect energy consumption	kWh	2,795,242	2,699,809
Purchased electricity	kWh	2,795,242	2,699,809
Total indirect energy consumption intensity by revenue	kWh/Revenue HKD'000	173	204
Water consumption	m ³	12,825	13,061
Water consumption intensity by revenue	m ³ /Revenue HKD'000	1	1

Report of the Directors *(CONTINUED)*

BUSINESS REVIEW *(Continued)*

Social Aspects

1. *Employment and Labour Practices*

The Group recognizes that human resources are a valuable asset of an organization and regards such resources as its corporate wealth. The Group also endeavours to make sure that all employees are subject to legislative protection and have equal opportunity in their employment.

(i) Employment

The remuneration of the Group's employees is maintained at competitive levels. The employees' remuneration is reviewed and adjusted annually with reference to their qualifications, experience and working performance as well as the market benchmarks. In addition, discretionary bonuses are granted to eligible employees with reference to the Group's results and individual performance. Other benefits include education and training subsidies, medical and retirement benefits and paid leaves. Working hours, leaves, rest periods, duties and other employment terms are clearly mentioned in the employment contracts. Employment practices of the Group are also reviewed regularly to ensure compliance with latest labour laws and regulations. Within the Group, opportunities for employment, training, promotion and career development are equally open to all staff members.

During the year under review, the Group was not aware of any non-compliance with the employment laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

(ii) *Health and Safety*

The Group is committed to providing and maintaining a safe and healthy working environment for the employees. It maintains a safe, hygienic and productive workplace by minimizing the potential risks of accidents and injuries and exposure to health risks. Rules and regulations are strictly complied with to identify and manage any occupational hazards and substances so as to ensure the safe treatment, transportation, storage, use, recycle or reuse and disposal of them. All materials, electronic and electrical devices used by the Group meet the safety requirements and are absent from hazardous substances. The Group also provides a comfortable and pleasant working environment for its employees with a well-equipped pantry and a spacious penthouse for taking a rest and meals. All the workplaces of the Group are operated and maintained in safe and reliable conditions and free from toxic and harmful materials.

During the year under review, the Group was not aware of any non-compliance with health and safety laws and regulations that have a significant impact on the Group relating to the provision of a safe working environment and the protection of the employees from occupational hazards.

(iii) *Development and Training*

The Group recognises the importance of the continuing development of knowledge and skills and provision of training to employees not just for the benefit of the staff development, but also for the sustainable growth of the organization. The Group sponsors education and training programmes and encourages employees at all levels to attend job-related seminars and/or workshops organized by professional organizations or to take appropriate courses to keep abreast of the latest developments of both the market and its industry at the costs of the Company. Where appropriate, in-house seminars conducted by qualified professionals will be arranged for the Directors and key personnel in order to enhance their continuing professional developments and refresh their knowledge and skills.

Report of the Directors *(CONTINUED)*

BUSINESS REVIEW *(Continued)*

Social Aspects *(Continued)*

1. *Employment and Labour Practices (Continued)*

(iv) Labour Standards

All employments within the Group are voluntary and any child and forced labour is specifically forbidden. The Group also prohibits discrimination based on race, colour, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation or marital status in recruitment and employment practices such as promotions, rewards, access to training and demotion. A comprehensive screening process is in place for recruitment of suitable employees in order to fulfill the aforesaid employment objectives.

During the year under review, the Group was not aware of any non-compliance of laws and regulations that have a significant impact on the Group relating to child and forced labour.

2. *Operating Practices*

(i) Supply Chain Management

Sound relationships with key suppliers, contractors and service providers (the "Suppliers") are important in supply chain management, property maintenance and development of the Group. The Group is committed to ensure a fair operating practices of its procurement and supply process. During our selection process for the Suppliers, the Group not only considers economical and commercial factors in the tendering processes but also makes a serious assessment of their compliance with all the applicable laws and regulations, safeguards workers' health and safety, and mitigates environmental impacts arising from their business operations. The department in charge maintains good communication with the Suppliers and conducts review on them from time to time.

(ii) *Product Responsibility*

The Group recognizes its responsibility in offering reliable products and services in its business so as to meet its stakeholders' expectations on quality and sustainability. To attain a higher standard of product responsibility, the Group manages to ensure all its product advertisements and announced information are correct, accurate and reliable. The Group also safeguards the confidentiality of all customers and warrants that the customer's information is properly protected during its business operation.

During the year under review, the Group was not aware of any non-compliance of laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters in respect of products and services provided and methods of redress.

(iii) *Anti-corruption*

In order to maintain a fair, impartial and efficient operating and working environment, the Group upholds a high standard of operation integrity in the course of operation and does not allow any form of bribery, fraud, extortion, corruption and money laundering. All employees perform their duties with utmost level of good faith, determination and professionalism so as to ensure that the reputation of the Group will not be tarnished by any misconduct and corruption. "Toolkit on Directors' Ethic" issued by The Independent Commission Against Corruption have been given to each Director for information.

The Group's whistle-blowing procedure encourages and enables whistleblowers to raise concerns about any suspected cases of misconduct and malpractice through a confidential platform. All cases are referred to the Chairman of the Board of Directors and handled by the Group with care so that the concerns are investigated in a fair and proper manner.

During the year under review, the Group was not aware of any non-compliance of laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering.

Report of the Directors *(CONTINUED)*

BUSINESS REVIEW *(Continued)*

Social Aspects *(Continued)*

3. *Community Investment*

The Group is committed to fostering harmonious relationships with the communities where it operates, and has consistently kept its responsibility to return to society and endeavours to provide long-lasting benefits to its stakeholders. The Group recognizes that for the Group's long-term development, community participation is important. Therefore, the Group always encourages its employees to participate in charitable activities and contribute to the community by both financial way like making donation and non-financial one like doing voluntary services.

The Group is committed to ensuring its businesses are operated in compliance with local and international laws, rules and regulations. Regulatory frameworks within which the Group operates are analysed and monitored, internal policies are prepared and updated accordingly. The Board oversees the Group's management and internal controls on an ongoing basis. Training are also conducted where necessary so as to strengthen the awareness and understanding of the internal controls and compliance procedures of the Company.

During the year under review, the Group was not aware of any non-compliance with laws and regulations that have a significant impact on the Group relating to emissions, use of resources, the environment and natural resources, employment and labour practices, operating practices and community investment.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float throughout the year ended 31 March 2019 and up to the date of this report pursuant to the Listing Rules.

PERMITTED INDEMNITY

According to the Company's Articles and subject to the provisions of the Companies Ordinance, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors and officers liability insurance cover for the Directors and officers of the Company and its subsidiaries.

AUDITOR

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Cheung Kee Wee

Chairman

Hong Kong, 27 June 2019

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Board and the management believe that good and high standard of corporate governance practices are very important for maintaining and promoting investor confidence and for the continued growth of the Group. The Company has made continued efforts to maintain and improve the quality of corporate governance so as to ensure an effective board, sound internal control, and transparency and accountability to the Shareholders.

Throughout the financial year ended 31 March 2019, the Company has applied and complied with the code provisions contained in the Corporate Governance Code and Corporate Governance Report (the "CG Code") set out in Appendix 14 to the Listing Rules, except for certain deviations of the code provisions in respect of the roles of the Chairman and Chief Executive Officer of the Company ("CEO") (i.e. A.2.1); and service term of the NEDs (i.e. A.4.1). The considered reasons for the aforesaid deviations will be discussed in the later part of this report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' securities transactions in the Company. All Directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the year ended 31 March 2019.

THE BOARD

Board Diversity Policy

The Board adopted a Board diversity policy with the aim of achieving diversity on the Board. The Company recognizes and embraces the benefits of having a diverse Board to enhance its overall performance. In designing the Board's composition, a number of aspects for Board diversity have been considered, including but not limited to gender, age, cultural and educational background, professional experience, ethnicity, skills, knowledge and length of service, and any other factors that the Board may consider relevant and applicable from time to time towards achieving a diversified Board.

Selection and recommendation of candidates will be based on the selection criteria, the nomination procedures and the process of the Company's nomination policy adopted by the Board as well as a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, ethnicity, skills, knowledge and length of service.

All Board appointments will be based on merit and contribution that the selected candidates will bring to the Board, having due regard to the benefits of diversity on the Board.

Board Composition

The Board currently comprises the following seven members:

Executive Directors

Mr. Cheung Kee Wee (*Chairman*)

Mr. Cheung Lin Wee

Mr. Cheung Ying Wai, Eric

Non-executive Director

Mr. Ng Kwok Tung

Independent Non-executive Directors

Mr. Lam Hon Keung, Keith

Mr. Chan Woon Kong

Mr. Au-Yang Cheong Yan, Peter

The Board, led by the Chairman, is responsible for leadership and control of the Company and is collectively responsible for establishing the strategic direction of the Group, setting objectives and business development plans, monitoring the performance of the senior management, assuming responsibility for corporate governance and achieving agreed corporate goals of the Company by scrutinizing the Company's performance and monitoring performance reporting.

The Chairman of the Board ensures that the Board works effectively and discharges its responsibilities and all key and appropriate issues are discussed by the Board in a timely manner. He takes responsibility for ensuring that good corporate governance practices and procedures are established and encourages all Directors to make a full and active contribution to the Board's affairs. Directors with different views are encouraged to voice their concerns. They are allowed sufficient time for discussion of issues so as to ensure that Board decisions fairly reflect Board consensus. A culture of openness is promoted to facilitate the effective contribution of NEDs and ensure constructive relations between EDs and NEDs.

Corporate Governance Report *(CONTINUED)*

THE BOARD *(Continued)*

Board Composition *(Continued)*

EDs and the Board Committees of the Company are delegated with the authority to manage the business of the Group in all aspects effectively. With the assistance of the Company Secretary, the Chairman approves Board meeting agendas and takes into account, where appropriate, any matters proposed by the other Directors for inclusion in the agendas. Also, with the support of the EDs and the Company Secretary, the Chairman ensures that all Directors are properly briefed and timely receive adequate, clear, complete and reliable information on all Board matters.

EDs are responsible for different business and functional divisions of the Group in accordance with their respective areas of expertise. Daily operations and administration are delegated to the management under supervision which is given clear directions as to their powers in particular with respect to the circumstances under which they should report back to and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company. The Board reviews the existing arrangements periodically to ensure that they remain appropriate to the Company's needs.

The NEDs, including the INEDs, participate in Board meetings to bring expertise and independent views on important issues relating to the Company's strategy, policy, performance, accountability, resources, key appointments, standards of conduct, and take the lead on matters where potential conflicts of interests arise. They also serve on Board Committees of the Company, including the Audit Committee, the Remuneration Committee and the Nomination Committee. The NED and INEDs give the Board and Board committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They also attend AGMs to understand the view of the Shareholders. They make a positive contribution to the development of the Company's strategy and policy through independent, constructive and informed comments.

The Board has more than one third of the Directors as INEDs, each of them comes from different business and professional background and at least one of them has accounting or related financial management expertise. The Board has received from each INED an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that each INED meets the requirements of independence as set out in Rule 3.13 of the Listing Rules and continues to consider each of them to be independent up to the date of the AR.

The Board includes a balanced composition of EDs, NED and INEDs so that there is a strong independent element on the Board to exercise independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointment and standards of conduct.

The composition of the Board, by category and position of Directors including the names of the Chairman, EDs, NED and INEDs, is disclosed in all the corporate communications. An updated list of Directors identifying their roles and functions and whether they are INEDs is available on the respective websites of the Company and the Stock Exchange. The names of the Directors, their roles and functions and the relationship among them are set out on pages 2 and 3 of the AR.

Directors' Training

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Directors are kept informed of the updated legal and other regulatory requirements and the business and governance policies of the Company to ensure that their contribution to the Board remains informed and relevant. The Company Secretary provides written training materials to the Directors for reference, and arranges seminars on the latest development of the Listing Rules, applicable laws, rules and regulations relating to Directors' duties and responsibilities, if any.

The Directors have provided the Company with their records of continuous professional development during the financial year 2018/2019. Records of the Directors' training during the year are as follows:

Directors	Attending Seminar(s) on regulatory development and/or directors' duties	Reading regulatory updates or information relevant to the Company or its business
<i>Executive Directors</i>		
Mr. Cheung Kee Wee (<i>Chairman</i>)	✓	✓
Mr. Cheung Lin Wee	✓	✓
Mr. Cheung Ying Wai, Eric	✓	✓
<i>Non-executive Director</i>		
Mr. Ng Kwok Tung	✓	✓
<i>Independent Non-executive Directors</i>		
Mr. Lam Hon Keung, Keith	✓	✓
Mr. Chan Woon Kong	✓	✓
Mr. Au-Yang Cheong Yan, Peter	✓	✓

Corporate Governance Report *(CONTINUED)*

THE BOARD *(Continued)*

Meetings

The Board meets regularly and holds at least four regular meetings at approximately quarterly intervals in a year and additional meetings are held as and when significant events or important issues are required to be discussed and resolved. For the financial year 2018/2019 and up to the date of the AR, five physical meetings were respectively held in May, June, September and November of 2018 as well as in March of 2019. Details of individual attendance of each Director at the meetings are as follows:

Directors	Meeting Attended/Held
<i>Executive Directors</i>	
Mr. Cheung Kee Wee (<i>Chairman</i>)	5/5
Mr. Cheung Lin Wee	4/5
Mr. Cheung Ying Wai, Eric	5/5
<i>Non-executive Director</i>	
Mr. Ng Kwok Tung	5/5
<i>Independent Non-executive Directors</i>	
Mr. Lam Hon Keung, Keith	4/5
Mr. Chan Woon Kong	4/5
Mr. Au-Yang Cheong Yan, Peter	4/5

During the year ended 31 March 2019, the Chairman held a meeting with the INEDs without the presence of other Directors.

In order to give all Directors adequate time to plan their schedules to attend the meeting, at least fourteen days' formal notice of all regular meetings is given to all Directors, and all Directors are given the opportunity to include matters for discussion in the agenda. To enable Directors to make informed decisions on matters to be considered at the Board and Board Committee meetings, agenda accompanied with board papers and related materials are given to the Directors not less than three days before the intended date of a Board or Board Committee meeting.

Directors need to declare their interests in the matters to be passed in the resolution, if applicable. If a substantial Shareholder or a Director has a material conflict of interests in a matter to be considered by the Board, the matter will be dealt with pursuant to applicable rules and regulations and, if appropriate, an independent Board committee will be set up to deal with the matter.

In addition to the Board meetings, certain issues are dealt with by way of circular written resolutions.

Directors are kept informed in a timely manner of any major changes that may affect the Group's business as well as changes in relevant rules and regulations. Queries raised by Directors receive a prompt and full response, if possible. All Directors have full access to the Company Secretary and key officers of the Company Secretarial Department for relevant information in respect of the Group. They are also able to obtain independent professional advice by written procedure adopted by the Company at the expense of the Company in appropriate circumstances.

Directors and Officers Liabilities

The Company has arranged appropriate Directors and Officers liability insurance coverage for its Directors and officers since 2004.

CHAIRMAN AND CEO

Under the code provision A.2.1 of the CG Code, the roles of the Chairman and CEO should be separate and should not be performed by the same individual. Mr. Cheung Kee Wee is the Chairman of the Board and there is not a post of CEO in the Company. The roles of the CEO are performed by all the EDs with clear division of responsibilities under the leadership of the Chairman. The Board considers that this arrangement allows contributions from all EDs with different expertise and can ensure the balance of power and authority between the Board and the management of the Group. The Board therefore believes that this structure can enable the Group to make and implement decisions promptly and efficiently and is beneficial to the business prospect of the Group.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The selection process of Directors is performed by the Board in accordance with the Company's Articles, the recommendations on nominations of Directors made by the Nomination Committee as well as the written procedures for Shareholders to propose a person for election as a Director of the Company. The said procedures are posted on the Company's website.

Corporate Governance Report *(CONTINUED)*

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS *(Continued)*

When considering a potential Director who is recommended by the EDs, the Nomination Committee or the Shareholder(s), the Board will take into consideration certain criteria such as the candidate's professional knowledge and experience, integrity and personal skills, possible conflicts of interests and time commitment to the Company. If the potential Director cannot give sufficient time and attention to the Company's affairs, he/she will be advised not to accept the appointment.

A newly appointed Director will receive reference material of the Company such as interim and annual reports and circulars with a view to familiarizing him/her with the business operation of the Company and the corporate structure of the Group. Updates are provided to Directors to ensure that Directors are aware of the latest changes in the commercial and regulatory environment in which the Group conducts its business. "A Guide on Directors' Duties" issued by the Companies Registry, "Guidelines for Directors" and "Guide for Independent Non-Executive Directors" both issued by The Hong Kong Institute of Directors and "Toolkit on Directors' Ethic" issued by Independent Commission Against Corruption have been given to each Director for information and easy reference.

Each Director disclosed to the Company at the time of his appointment and in a timely manner for any change, the number and nature of offices held in public companies or organizations.

Under the code provision D.1.4 of the CG Code, the Company should have formal letters of appointments for Directors setting out the key terms and conditions of their appointment. All Directors have been issued with the said formal letters of appointment from the Company.

Under the code provision A.4.1 of the CG Code, NEDs should be appointed for a specific term and subject to re-election. All the four NEDs are not appointed for a specific term but are subject to retirement by rotation and re-election at the AGM in accordance with the Company's Articles.

In accordance with Article 90 of the Company's Articles, a newly appointed Director is subject to re-election by the Shareholders at the next following AGM after his/her appointment, but shall not be taken into account in determining the Directors who are to retire by rotation and re-election at the AGM in accordance with Article 99(A) of the Company's Articles.

There are seven Directors including four NEDs in the Company for the time being. As one-third of the seven Directors shall retire from office by rotation at each AGM, each of them shall retire at least once every three years. The Board is of the view that the current practice of appointing Directors which includes NEDs without specific terms but otherwise subject to retirement by rotation and re-election by the Shareholders at the AGM is reasonable and appropriate to the needs of the Company.

The Company may by an ordinary resolution remove a Director before the expiration of his/her period of office notwithstanding anything in the Company's Articles or in any agreement between the Company and such Director. Special notice is required of a resolution to remove a Director or to appoint somebody in place of a Director so removed at the general meeting at which he/she is removed in accordance with the Companies Ordinance.

Each Director (including INED) who was subject to retirement by rotation was appointed by a separate resolution in the AGM. In respect of an INED who has served more than nine years, the Company will express its view in the Company's circular that each INED who is eligible for re-election has met the independence guidelines set out in Rule 3.13 of the Listing Rules and is independent.

The names and details of the retiring Directors who will offer themselves for re-election at the forthcoming AGM are set out in Appendix I to the Company's circular dated 26 July 2019.

BOARD COMMITTEES

The Company currently has three Board committees, namely the Nomination Committee, the Remuneration Committee and the Audit Committee. All committees have specific terms of reference clearly defining their authorities and responsibilities. The terms of reference of the Board Committees require them to report back to the Board on their decisions or recommendations. The terms of reference are reviewed and updated regularly to ensure that they remain appropriate and reflect changes in good practice and governance. The determination of the policy for the corporate governance of the Company and the corporate governance duties as set out in the code provision D.3.1 of the CG Code are performed by the Board.

Nomination Committee

The Nomination Committee of the Company (the "Nomination Committee") was established in 2012, a majority of which is INEDs. The Nomination Committee is currently chaired by the Chairman of the Board, Mr. Cheung Kee Wee and comprises an ED, Mr. Cheung Lin Wee, and three INEDs, namely Messrs Lam Hon Keung, Keith, Chan Woon Kong and Au-Yang Cheong Yan, Peter. The Company Secretary of the Company is the secretary of the Nomination Committee.

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board regularly and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy. Its duties include making recommendation to the Board on the selection of individuals nominated for directorships and the appointment or re-appointment of Directors and succession planning for Directors. The Committee is also responsible for assessing the independence of INEDs and reviewing the Board diversity policy (the "Board Diversity Policy") and the nomination policy of the Company (the "Nomination Policy").

Corporate Governance Report *(CONTINUED)*

BOARD COMMITTEES *(Continued)*

Nomination Committee *(Continued)*

The adopted terms of reference of the Nomination Committee which set out clearly its role, authority and duties made pursuant to the CG Code are posted on the respective websites of the Stock Exchange and the Company.

The Nomination Committee is provided with sufficient resources enabling it to perform its duties and it can seek independent professional advice at the Company's expense, if necessary.

The Nomination Committee met once during the financial year ended 31 March 2019. Details of individual attendance of each of the members of the Committee at the meeting are as follows:

Committee Members	Meeting Attended/Held
<i>Executive Directors</i>	
Mr. Cheung Kee Wee (<i>Chairman</i>)	1/1
Mr. Cheung Lin Wee	1/1
<i>Independent Non-executive Directors</i>	
Mr. Lam Hon Keung, Keith	1/1
Mr. Chan Woon Kong	1/1
Mr. Au-Yang Cheong Yan, Peter	1/1

Board Diversity Policy

The Board has the Board Diversity Policy with the aim of achieving diversity of Board members. The Company recognizes the benefits of having a diverse Board, and sees diversity of perspectives at the Board level as essential in achieving a sustainable and balanced development. Selection of Board members is based on a number of factors, including but not limited to educational background, professional experience, skills, knowledge and other factors that the Board may consider relevant and applicable from time to time. The ultimate decision is based on merit and contribution that the selected Board members can bring to the Board.

Nomination Policy

The Board adopted the Nomination Policy which sets out the approach, principles and procedures for the nomination and selection of Directors, including the appointment of additional Directors and replacement of Directors, re-election of Directors and nomination of Directors from the Shareholders.

The Board recognizes the importance of having a competent and qualified Board to achieve the Company's objectives as well as to protect the interest of all its stakeholders. The Board is committed to ensure that proper nomination and election processes are in place for the selection and nomination of Directors.

Selection Criteria

In assessing the suitability of a proposed candidate, the Nomination Committee and the Board shall consider the following criteria:

- (i) Personal ethics, reputation, character and integrity.
- (ii) Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate development and strategy.
- (iii) Diversity perspectives as set out in the Board Diversity Policy.
- (iv) Willingness to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company such as devoting time to attend the Board meetings and the relevant Board committee meetings as well as participating in induction, training and other Board associated activities.
- (v) Compliance with the independence criteria set out in the Listing Rules for the appointment of an INED.
- (vi) Any other factors that the Nomination Committee and/or the Board may consider appropriate.

Corporate Governance Report *(CONTINUED)*

BOARD COMMITTEES *(Continued)*

Nomination Committee *(Continued)*

Nomination Procedures

- (i) For appointment of additional Directors and Replacement of Directors
- If the Board determines that an additional or replacement of Director is required, it will deploy multiple channels for identifying suitable candidates, including but not limited to referral from the Directors and the Nomination Committee.
 - Upon receipt of a proposal for a candidate to the Board, the Secretary of the Nomination Committee shall convene a Committee's meeting for the purposes of considering and evaluating the candidate based on his/her biographical information and other relevant details as well as the aforesaid selection criteria to determine whether such candidate is suitable for recommending to the Board.
 - If the candidate is considered appropriate, the Nomination Committee shall recommend to the Board for consideration and approval.
 - A Board meeting will then be held for the purpose of considering and, if thought fit, approving the appointment of the candidate as a Director.
 - The Director so appointed by the Board to fill a casual vacancy or as an additional Director to the Board will be subject to re-election by the Shareholders at the next AGM following such appointment in accordance with the Company's Articles.

(ii) For re-election of Directors

- The Nomination Committee shall review the overall contribution and service made by the retiring Director and determine whether he/she can continue to meet the selection criteria as mentioned above.
- Where a retiring Director, being eligible, offers himself/herself for re-election, the Board shall, under the advice of the Nomination Committee, consider and recommend such retiring Director to stand for re-election at the forthcoming AGM. A circular containing the requisite information on such retiring Director will be sent to the Shareholders prior to the AGM in accordance with the Listing Rules and the relevant laws and regulations.
- The Shareholders shall consider and, if thought fit, approve the re-election of Director at the AGM.

(iii) For nomination of Directors from the Shareholders

- Any Shareholder who wishes to nominate a person to stand for election as a Director at a general meeting ("GM") must follow the procedures and lodge with the Company Secretary of the Company the requested documents within the lodgment period as specified in "Procedures for shareholders to propose a person for election as a Director" which is available on the Company's website.
- Particulars of the candidate so proposed will be sent to all the Shareholders for information in a supplementary circular of the Company.
- The Shareholders shall consider and, if thought fit, approve the election of Director proposed by such Shareholder at the GM.

Corporate Governance Report *(CONTINUED)*

BOARD COMMITTEES *(Continued)*

Nomination Committee *(Continued)*

Review and Monitoring

The Nomination Committee will from time to time review the Nomination Policy and monitor its implementation to ensure its continued effectiveness and compliance with the regulatory requirements.

Remuneration Committee

Remuneration Committee of the Company (the "Remuneration Committee") was established in 2005. It currently consists of three INEDs, namely Messrs Chan Woon Kong (Chairman), Lam Hon Keung, Keith and Au-Yang Cheong Yan, Peter and one NED, Mr. Ng Kwok Tung. The Company Secretary of the Company is the secretary of the Remuneration Committee.

The principal responsibilities of the Remuneration Committee, under its terms of reference which were prepared on terms no less exacting than those set out in the CG Code, include making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy as well as making recommendations to the Board on the remuneration packages of EDs and senior management with reference to the Board's corporate goals and objectives. The terms of reference of the Remuneration Committee are posted on the respective websites of the Stock Exchange and the Company.

The Remuneration Committee shall consult the Chairman of the Board about their remuneration proposals for EDs, if necessary. The Committee is provided with sufficient resources to discharge duties.

The Remuneration Committee met once during the financial year ended 31 March 2019. Details of individual attendance of each of the members of the Committee at the meeting are as follows:

Committee Members	Meeting Attended/Held
<i>Independent Non-executive Directors</i>	
Mr. Chan Woon Kong (<i>Chairman</i>)	1/1
Mr. Lam Hon Keung, Keith	1/1
Mr. Au-Yang Cheong Yan, Peter	1/1
<i>Non-executive Director</i>	
Mr. Ng Kwok Tung	1/1

During such meeting, the remuneration packages of the Directors were reviewed with reference to the Group's performance and profitability as well as the remuneration level of directors in certain listed corporations in the industry. No Director was involved in deciding his own remuneration. Details of the remuneration of Directors and senior management by band for the year ended 31 March 2019 are set out in Note 10 to the consolidated financial statements on pages 89 to 91 of the AR.

Audit Committee

The Audit Committee of the Company (the "Audit Committee") was established in 1998 and currently consists of three INEDs, namely Messrs Lam Hon Keung, Keith (Chairman), Chan Woon Kong and Au-Yang Cheong Yan, Peter and one NED, Mr. Ng Kwok Tung. No member of the Committee is a former partner of the existing auditing firm of the Company during a period of two years from the date of his ceasing to be a partner of the audit firm. The Committee members possess sufficient financial and accounting experience and expertise to discharge their duties. The Company Secretary of the Company acts as the secretary of the Audit Committee.

The Audit Committee is provided with sufficient resources to perform its duties. The operation of the Audit Committee is guided by its terms of reference which were prepared on terms no less exacting than those set out in the CG Code. The terms of reference of the Committee are posted on the respective websites of the Stock Exchange and the Company.

Corporate Governance Report *(CONTINUED)*

BOARD COMMITTEES *(Continued)*

Audit Committee *(Continued)*

The major duties of the Audit Committee set out in its terms of reference include:–

1. recommendation to the Board on the appointment, re-appointment and removal of the external auditor, and approval of their terms of engagement;
2. reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of audit process in accordance with applicable standards;
3. monitoring the integrity of the Company's financial statements and AR and accounts, interim report and quarterly report (if applicable), and reviewing significant financial reporting judgements contained in them;
4. oversight of the Company's financial reporting system, risk management and internal control systems;
5. reviewing the financial information of the Company;
6. reviewing arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in the financial reporting, internal controls or other matters; and
7. overseeing the Company's relations with the external auditor.

During the financial year ended 31 March 2019, two meetings of the Audit Committee were held in June and November of 2018 respectively with the external auditor of the Company for discussion and review of the reporting of financial and other information to the Shareholders (including the 2017/2018 final results and 2018/2019 interim results of the Company before they were submitted to the Board for approval), the accounting principles and practices adopted by the Group and the issues on risk management and internal control of the Company. The Committee also keeps under review the independence of the external auditor of the Company. Details of individual attendance of each of the members of the Committee at the meetings are as follows:

Committee Members	Meeting Attended/Held
<i>Independent Non-executive Directors</i>	
Mr. Lam Hon Keung, Keith (<i>Chairman</i>)	2/2
Mr. Chan Woon Kong	2/2
Mr. Au-Yang Cheong Yan, Peter	2/2
<i>Non-executive Director</i>	
Mr. Ng Kwok Tung	2/2

There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor.

The financial statements of the Company for the year ended 31 March 2019 were reviewed and discussed by the Audit Committee together with the external auditor of the Company at a meeting held in late June 2019.

AUDITOR'S REMUNERATION

For the year ended 31 March 2019, the remuneration paid and payable to PricewaterhouseCoopers, the Company's external auditor, for audit services to the Group amounted to HK\$699,800 and for non-audit services mainly consisting of review and taxation services amounted to HK\$174,600.

Corporate Governance Report *(CONTINUED)*

THE COMPANY SECRETARY

The appointment and dismissal of the Company Secretary is subject to the Board approval in accordance with the Company's Articles. Mr. Raymond W. M. Chu is the Company Secretary of the Company.

The Company Secretary is responsible to the Board for ensuring that the procedures and all applicable rules and regulations are strictly and fully complied with and that activities of the Board are running efficiently and effectively by assisting the Chairman of the Board and the respective Chairmen of the Board Committees to prepare agendas for meetings and by preparing and disseminating Board papers and relevant material to the Directors and Board Committee members in a timely and comprehensive manner.

The Company Secretary reports to the Board Chairman, attends all Board meetings and advises on corporate governance and statutory compliance, if appropriate. Draft and final versions of minutes of meetings of the Board and the Board Committees as well as the written Board resolutions are circulated to all Directors concerned for comments and records respectively within a reasonable time after the meeting is held. All the minutes and Board resolutions recording in sufficient details of the matters considered and decisions reached by the Board and the Board Committees of the Company, including any concerns raised by Directors or dissenting views expressed, are kept by the Company Secretary, which are open for inspection at any reasonable time on reasonable notice by any Director.

The Company Secretary also advises the Directors on their obligations for disclosure of interests in securities, connected transactions and price-sensitive information and ensures that the standards and disclosures required by the Listing Rules are observed and, where required, reflected in the Report of the Directors. All Directors have access to the advice and services of the Company Secretary to ensure that Board procedures and all applicable rules and regulations are followed.

During the year under review, the Company Secretary undertook over 15 hours of professional training to update his skill and knowledge.

ACCOUNTABILITY AND AUDIT

The Board was provided with sufficient explanation and information by the management of the Company, so that Directors have an informed assessment of financial and other information of the Company put before the Board for approval.

Monthly management updates have also been provided by the Management to all Directors for the purpose of providing a balanced and understandable assessment of the Company's performance, financial position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties.

All the Directors have acknowledged their responsibilities for preparing and reviewing the Company's financial statements and ensure that the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 March 2019 and of the profit and cash flows of the Group for the year then ended. In preparing the Company's financial statements for the year ended 31 March 2019, with the assistance of the Company's Accounts Department, the Board has selected suitable accounting policies and principles generally accepted in Hong Kong and applied them consistently, has made prudent and reasonable judgements and estimates, and has prepared the financial statements on a going concern basis. Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern as referred to in the code provision C.1.3 of the CG Code.

The statement by the auditor of the Company regarding their reporting responsibilities on the financial statements of the Company and the Group is set out in the "Independent Auditor's Report" on pages 51 to 56 of the AR.

The Board has included in the separate statement containing a discussion and analysis of the Group's performance in the Management Discussion and Analysis of the AR.

The Board's endeavors to ensure a balanced, clear and understandable assessment of the Group's position and prospects extend to annual and interim reports, price-sensitive announcements and other financial disclosures of the Company required under the Listing Rules and other applicable rules, and to report to regulators as well as to information required to be disclosed pursuant to statutory requirements. Accordingly, due authorization will be made on the publication of relevant announcements and reports as and when the occasion arises.

Corporate Governance Report *(CONTINUED)*

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

The Board has the overall responsibility for establishing, maintaining and evaluating the adequacy and effectiveness of the risk management and internal control systems of the Group on an ongoing basis. Such systems are designed to manage rather than eliminate risk of failure to achieve business objective, and can only provide reasonable but not absolute assurance against material misstatement or loss.

Management is responsible for setting the appropriate tone from the top, performing risk assessments, and owning the design, implementation, monitoring and maintenance of internal controls. The associated policies and procedures for risk management and internal controls, which are properly documented and communicated to staff, are designed to help ensure that the Group's assets are safeguarded against unauthorised use or disposition; relevant rules and regulations are adhered to and complied with; complete, accurate and reliable financial and accounting records are maintained; and key risk factors including business strategic, operational, financial and regulatory compliance risks which may impact the Group's performance are appropriately identified and managed.

To ensure the risk management process is consistent with the best practice, the Group has incorporated the suggestions from the external consultant into the Group's risk management framework.

The Group's risk management framework comprises the following key features:

- A distinct organisational structure for different responsible parties with defined authority, responsibilities and risk management roles;
- The Board sets forth the proper risk management culture and risk appetite for the Group, evaluates and determines the level of risk that the Group should take and monitor regularly;
- The Risk Management Coordinator facilitates the risk assessment process and timely communication to the Audit Committee and the Board. Also, they ensure key business and operational risks being properly identified and managed; and
- A Risk Management Policy has been established to provide a framework for the identification, analysis, evaluation, treatment, monitoring and reporting of key risks at all levels across the Group to support the achievement of the organisation's overall strategic objectives.

Identified potential risks are evaluated using appropriate qualitative and quantitative techniques and risk responses (i.e. accept, reduce, transfer and avoid) are formulated, which are consistent with the Group's risk appetite. Risks are assessed based on a risk assessment matrix that helps to rank the risks into 4 risk levels (e.g. Extremely High, High, Medium and Low) and to prioritise risk management effort to determine the appropriate risk mitigation plans.

Internal Control

The Group has an internal audit ("IA") function, which plays a major role in monitoring the internal governance of the Group, to conduct independent reviews of the adequacy and effectiveness of its risk management and internal control system and report the review results regularly to the Board through the Audit Committee.

The Group is fully aware of its obligation of handling and dissemination of inside information under the Listing Rules and the SFO. The Group has a set of procedures and controls in place to preserve the confidentiality of inside information relating to the Group. All Board members and senior management, who are likely to possess the Group's inside information because of their offices or employments in the Group, are bound by the Model Code. In addition, every employee is required to follow the guidelines of the code of conduct and the staff handbook to keep unpublished inside information strictly confidential.

Review of Risk Management and Internal Control Systems

During the year ended 31 March 2019, the Board has conducted a review on the effectiveness of risk management and internal control systems of the Group through discussion with the Audit Committee, which covers the major control procedures in areas of financial, operational, compliance and risk management, and was satisfied with the effectiveness of the Group's risk management and internal control systems.

The changes in the nature and extent of significant risks faced by the Group and response plans to changes in its business and the external environment have been evaluated. The scope and quality of ongoing monitoring of risks and the internal control systems have been assessed. No significant areas of concern that may affect the Group to achieve strategic goals have been identified. The Board considered that the risk management and internal control systems are functioning effectively and adequately.

In addition, confirmation from management on the effectiveness of the risk management and internal control systems of the Group was received during the year.

The Board has reviewed and is satisfied with the adequacy of resources, staff qualifications and experiences, training requirements and budgets of the Group's accounting, financial reporting and IA functions.

Corporate Governance Report *(CONTINUED)*

COMMUNICATION WITH THE SHAREHOLDERS

The AGM is one of the principal communication channels between the Company and the Shareholders as it provides a forum for the Shareholders to raise questions and comments and exchange views with the Board.

At the 2018 AGM, respective Chairmen of the Board, the Remuneration Committee, the Nomination Committee and the Audit Committee as well as the representatives of the external auditor of the Company were present and available to answer questions raised by the Shareholders at the meeting. A separate resolution was proposed at the AGM on each substantially separate issue, such as the re-election of individual Directors.

Details of individual attendance of each Director at the 2018 AGM are as follows:

Directors	Meeting Attended/Held
<i>Executive Directors</i>	
Mr. Cheung Kee Wee (<i>Chairman</i>)	1/1
Mr. Cheung Lin Wee	1/1
Mr. Cheung Ying Wai, Eric	1/1
<i>Non-executive Director</i>	
Mr. Ng Kwok Tung	1/1
<i>Independent Non-executive Directors</i>	
Mr. Lam Hon Keung, Keith	1/1
Mr. Chan Woon Kong	1/1
Mr. Au-Yang Cheong Yan, Peter	1/1

The Company has other means of communication with the Shareholders, including the publication of annual and interim reports, circulars, announcements and availability of updated and key information about the Group on the Company's website. The Shareholders or any interested parties can also contact the Company by sending e-mail to enquiry@wahha.com.

The Company arranges for the notice to the Shareholders to be sent out in the case of AGMs at least 20 clear business days before the meeting and to be sent out at least 10 clear business days in the case of all other general meetings. It is proposed that the 2019 AGM will be held on Friday, 6 September 2019 at 12:00 noon. Notice of the AGM will be published and dispatched to the Shareholders in late July 2019.

The Board has formulated a shareholders' communication policy and will review it on a regular basis to ensure its effectiveness.

VOTING BY POLL

The Company regularly informs the Shareholders of the procedures for voting by poll and ensures that it complies with the requirements about voting by poll as contained in the Listing Rules and the Company's Articles.

The Shareholders are given an explanation of the rights and procedures for demanding and conducting a poll in accordance with Article 70 of the Company's Articles at the commencement of each AGM.

Pursuant to the Listing Rules, any vote of the shareholders at a general meeting must be taken by poll. The Chairman of the 2019 AGM will therefore put each of the resolutions to be proposed at the meeting to be voted by way of a poll pursuant to the Listing Rules and Article 70 of the Company's Articles.

SHAREHOLDERS' RIGHT

Under Section 566 of the Companies Ordinance, Shareholders representing at least 5% of the total voting rights of all the Shareholders having a right to vote at the general meetings are entitled to send a request to the Company to convene a general meeting. Such requisition must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. The request may be sent to the registered office of the Company in hard copy form or to the email address of the Company in electronic form and must be authenticated by the Shareholder(s) making it.

Moreover, in relation to an AGM which the Company is required to hold, Sections 615 and 616 of the Companies Ordinance provide that Shareholders representing at least 2.5% of the total voting rights of all Shareholders having a right to vote on the resolution at the AGM or at least 50 Shareholders having a right to vote on the resolution at the AGM, may request the Company to circulate a notice of the resolution for consideration at the AGM by sending such request, which must be authenticated by the Shareholders making it, to the registered office of the Company in hard copy form or to the email address of the Company in electronic form.

Corporate Governance Report *(CONTINUED)*

SHAREHOLDERS' RIGHT *(Continued)*

The Shareholders can make enquiries or proposals to the Company through the following means:

Telephone: (852) 2527 1821
Fax: (852) 2861 3771
Post: Room 2500, Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong
Email: enquiry@wahha.com

INVESTOR RELATIONS

During the year ended 31 March 2019, there were no changes to the Company's Articles. The latest version of the same is posted on the respective websites of the Stock Exchange and the Company.

Save as disclosed above, the Company has complied with all the code provisions as set out in the CG Code throughout the financial year ended 31 March 2019.

Independent Auditor's Report



羅兵咸永道

To the Members of Wah Ha Realty Company Limited

(incorporated in Hong Kong with limited liability)

OPINION

What we have audited

The consolidated financial statements of Wah Ha Realty Company Limited (the "Company") and its subsidiaries (collectively the "Group") set out on pages 57 to 110, which comprise:

- the consolidated balance sheet as at 31 March 2019;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

Independent Auditor's Report *(CONTINUED)*

BASIS FOR OPINION *(Continued)*

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is summarised as follows:

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of investment properties of the Group held by the Company and through its subsidiaries and associated companies</p> <p>Refer to notes 2(f), 4(a), 8, 15 and 17 to the consolidated financial statements.</p> <p>The Group's investment properties were carried at HK\$237.4 million as at 31 March 2019 which were stated at fair values. Included in investments in associated companies were the Group's share of carrying value of investment properties held by associated companies of HK\$744.9 million. Fair value gains of investment properties of HK\$13.7 million were accounted for in the Group's consolidated statement of comprehensive income for the year ended 31 March 2019, while share of associated companies' results also included the Group's share of fair value gains of investment properties held by the associated companies of HK\$85.6 million.</p>	<p>We assessed the competency, capability and objectivity of the independent external valuer by considering their qualifications, experiences in the locations and segment of the investment properties valued and their relationship with the Group.</p> <p>We discussed with the external valuer and management to understand the rationale of the chosen valuation method and the assumptions applied. We assessed the appropriateness of the methodology used and the reasonableness of assumptions applied by comparing to industry practice. We further compared the data inputs adopted in the valuations, such as recent transactions price of comparable properties, on a sample basis, to market and industry data.</p>

Key Audit Matter

Fair values of the investment properties of the Group held by the Company and through its subsidiaries and associated companies are supported by valuations performed by an independent external valuer.

In valuing investment properties, the valuer used direct comparison method. Due to the uniqueness of each property, the valuer used judgement in applying unobservable inputs into the valuation model.

We focused on this area because of the magnitude of investment properties and that the fair values are dependent on the methodology used and are sensitive to the changes of input used in the valuation.

How our audit addressed the Key Audit Matter

Based on the audit evidences obtained, we consider the methodology used and key assumptions applied in the valuation of the Group's and associated companies' investment properties are appropriate.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report *(CONTINUED)*

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report *(CONTINUED)*

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ng Hiu Tung.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 June 2019

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2019

	<i>Note</i>	2019 HK\$	2018 HK\$
Revenues	5	15,768,685	13,210,476
Changes in fair value of investment properties	15	13,700,000	15,900,000
Net fair value losses on financial assets at fair value through profit or loss		(450,789)	(2,058,843)
Other (losses)/gains, net	6	(4,874,623)	7,572,036
Direct outgoings in relation to properties that generate income	7	(1,365,212)	(922,445)
Staff costs	7	(7,658,323)	(7,317,554)
Other operating expenses	7	(1,774,229)	(1,728,710)
Operating profit		13,345,509	24,654,960
Share of profits less losses of associated companies	8	123,397,452	136,993,414
Gain on disposal of an associated company, net	9	–	96,939,806
Profit before income tax		136,742,961	258,588,180
Income tax credit	12	466,843	357,815
Profit and total comprehensive income attributable to equity holders of the Company		137,209,804	258,945,995
Dividends	13	41,126,400	208,051,200
Earnings per share (Basic and diluted)	14	1.13	2.14

The notes on pages 62 to 110 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 March 2019

	<i>Note</i>	2019 HK\$	2018 HK\$
ASSETS			
Non-current assets			
Investment properties	15	237,400,000	223,700,000
Investments in associated companies	17	854,249,739	771,352,287
Deferred income tax assets	24	3,380,671	2,301,189
		1,095,030,410	997,353,476
Current assets			
Completed properties held for sale	18	1,456,911	1,456,911
Amounts due from associated companies	17	21,161,226	19,620,226
Trade and other receivables	19	1,401,079	2,190,086
Tax recoverable		48,350	60,984
Financial assets at fair value through profit or loss	20	1,283,835	1,732,077
Cash and bank balances	21	311,549,572	480,748,541
		336,900,973	505,808,825
Total assets		1,431,931,383	1,503,162,301
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	22	78,624,000	78,624,000
Retained profits	23		
– Special dividend	13	–	166,924,800
– Proposed dividends	13	27,820,800	27,820,800
– Others		1,276,536,106	1,180,452,702
		1,304,356,906	1,375,198,302
Total equity		1,382,980,906	1,453,822,302

	<i>Note</i>	2019 HK\$	2018 HK\$
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	<i>24</i>	608,432	–
Current liabilities			
Amounts due to associated companies	<i>17</i>	43,052,443	45,515,443
Trade and other payables	<i>25</i>	5,289,602	3,820,617
Tax payable		–	3,939
		48,342,045	49,339,999
Total liabilities		48,950,477	49,339,999
Total equity and liabilities		1,431,931,383	1,503,162,301
Net current assets		288,558,928	456,468,826

The financial statements on page 57 to 110 were approved by the Boards of Directors on 27 June 2019 and were signed on behalf.

Cheung Kee Wee
Director

Cheung Lin Wee
Director

The notes on pages 62 to 110 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2019

<i>Note</i>	2019 HK\$	2018 HK\$
Cash flows from operating activities		
	136,742,961	258,588,180
Profit before income tax		
	(13,700,000)	(15,900,000)
Changes in fair value of investment properties		
	(123,397,452)	(136,993,414)
Share of profits less losses of associated companies		
	–	(96,939,806)
Gain on disposal of an associated company, net		
	4,880,251	(7,368,464)
Exchange losses/(gains)		
Operating profit before working capital changes		
	4,525,760	1,386,496
Decrease/(increase) in trade and other receivables		
	130,612	(80,051)
Decrease in financial assets at fair value through profit or loss		
	448,242	2,058,843
Increase/(decrease) in trade and other payables		
	1,468,985	(15,824)
Net cash generated from operations		
	6,573,599	3,349,464
Hong Kong profits tax refunded/(paid)		
	4,488	(975,028)
Net cash generated from operating activities		
	6,578,087	2,374,436
Cash flows from investing activities		
	–	97,985,728
Decrease in short-term bank deposits		
	(5,541,000)	(1,211,500)
Fund transfer to associated companies		
	42,037,000	37,180,000
Fund transfer and dividend received from associated companies		
	658,395	208,457,852
Proceeds received from disposal of an associated company, net		
Net cash generated from investing activities		
	37,154,395	342,412,080
Cash flows from financing activity		
	(208,051,200)	(41,126,400)
Dividends paid to the Company's equity holders		
Net (decrease)/increase in cash and cash equivalents		
	(164,318,718)	303,660,116
Cash and cash equivalents at beginning of the year		
	480,748,541	169,719,961
Exchange (losses)/gains		
	(4,880,251)	7,368,464
Cash and cash equivalents at end of the year		
<i>21</i>	311,549,572	480,748,541

The notes on pages 62 to 110 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2019

	<i>Note</i>	2019 HK\$	2018 HK\$
Total equity at beginning of the year		1,453,822,302	1,236,002,707
Profit and total comprehensive income for the year	23	137,209,804	258,945,995
Transaction with equity holders			
Dividends	23	(208,051,200)	(41,126,400)
Total equity at end of the year		1,382,980,906	1,453,822,302

The notes on pages 62 to 110 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

The Company is a limited liability company incorporated in Hong Kong and listed on The Stock Exchange of Hong Kong Limited. The address of its registered office is Room 2500, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong.

The principal activities of the Company are investment holding and property investment. The activities of the subsidiaries and associated companies are shown in Notes 16 and 17 to the consolidated financial statements respectively.

These consolidated financial statements are presented in Hong Kong dollar (HK\$), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 27 June 2019.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and investment properties which are carried at fair value.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company and its subsidiaries (together, the "Group")'s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

Adoption of revised standards and amendments to existing standards and interpretations

The Group adopted the revised standards and amendments to existing standards below, which are relevant to its operations.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 2	Classification and Measurement of Share based Payment Transaction
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKFRS 15	Clarifications to HKFRS 15
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property
HK (IFRIC) 22	Foreign Currency Transactions and Advance Consideration

The Group had to change its accounting policies as a result of adopting HKFRS 9 and HKFRS 15. The adoption of amendments on standards and interpretation did not have any material impact on the consolidated financial statements of the Group for the year, see Note 2(c).

(b) New standards and amendments to existing standards which have been issued but are not effective for the financial year beginning on 1 April 2018 and have not been early adopted

		Effective for accounting period beginning on or after
HKFRS 16	Leases	1 January 2019
HKFRS 17	Insurance contracts	1 January 2021
Amendments to HKFRS 3	Definition of a business	1 January 2020
Amendments to HKFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Notes to the Consolidated Financial Statements *(CONTINUED)***2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

- (b) New standards and amendments to existing standards which have been issued but are not effective for the financial year beginning on 1 April 2018 and have not been early adopted *(Continued)*

		Effective for accounting period beginning on or after
Amendments to HKAS 1 and HKAS 8	Definition of Material	1 January 2020
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures	1 January 2019
HK (IFRIC) 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle	1 January 2019

None of these new and revised standards and new interpretation is expected to have a significant impact on the Group's financial statements:

(i) *HKFRS 16 "Leases"*

The Group is a lessor of various properties. The current accounting policy of such leases and the Group's future operating lease rental receivable are set out in Note 2(p) and Note 26 to the consolidated financial statements, respectively.

HKFRS 16 replaces HKAS 17 and related interpretations and introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. The distinction between operating and finance leases is removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised on the balance sheet for all leases by lessees.

The standard does not significantly change the accounting of lessors. Therefore, the Group does not expect that the adoption of HKFRS 16 will have significant impact on the Group's net profit in the future.

(c) Changes in accounting policy and disclosures

(i) *Impact on the financial information*

As explained in Notes 2(c)(ii) and 2(c)(iii) below, HKFRS 9 and HKFRS 15 were generally adopted by the Group without restating comparative information. No reclassifications and adjustments are reflected in the consolidated balance sheet as at 31 March 2018 and in the opening consolidated balance sheet on 1 April 2018 as a result of the changes in the Group's accounting policies.

(ii) *Adoption of HKFRS 9*

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

Classification and measurement of financial instruments

The financial assets held by the Group represents:

- debt instruments previously classified as loans and receivables and measured at amortised cost, and
- financial assets at fair value through profit or loss previously classified as fair value through profit or loss and measured at fair value through profit or loss

They meet the conditions for classification under HKFRS 9. Accordingly, there is no impact on the Group's accounting for financial assets.

There is no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

Notes to the Consolidated Financial Statements *(CONTINUED)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Changes in accounting policy and disclosures *(Continued)*

(ii) Adoption of HKFRS 9 (Continued)

Impairment of financial assets

The Group has two types of financial assets that are subject to HKFRS 9's new expected credit loss model:

- trade receivables
- other financial assets at amortised cost

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets.

(i) Trade receivables

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables. As the Group's historical credit loss experience does not indicate different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. The expected loss rates are based on the payment profiles over the past 3 years.

These rates are adjusted to reflect the current and forward-looking information on economic condition.

The adoption of the simplified expected loss approach under HKFRS 9 has not resulted in any material additional impairment loss for trade receivables as at 1 April 2018.

(ii) Other financial assets at amortised cost

For other financial assets at amortised cost, the expected credit loss is based on the 12-month expected credit loss. It is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss. Management has closely monitored the credit qualities and the collectability of the other financial assets at amortised cost and considers that the expected credit loss is immaterial.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

(iii) *Adoption of HKFRS 15*

HKFRS 15 deals with revenue recognition and establishes principles for reporting information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

The adoption does not have an impact on the recognition of the Group's main revenue streams. Rental income from lease agreements is specifically excluded from the scope of HKFRS 15. For the Group's provision of management services and construction supervision services, the terms of the relevant contracts mean that revenue from these provision of services continues to be recognised over time in the accounting period in which the services are rendered. No significant changes to the Group's accounting policies are required. As a result, the adoption of HKFRS 15 has no material impact on the Group's retained earnings as at 1 April 2018 and therefore, no adjustment was made.

Notes to the Consolidated Financial Statements *(CONTINUED)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 March 2019.

(i) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group control an entity when the Group is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(ii) *Associated companies*

Associated companies are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investments in associated companies include goodwill identified on acquisition, net of any accumulated impairment losses.

The Group's share of its associated companies' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves. The carrying amount of the investment is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Notes to the Consolidated Financial Statements *(CONTINUED)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar, which is the Company's functional and the Group's presentation currency. The functional currency of all subsidiaries and associated companies of the Group is Hong Kong dollar.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

(f) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property.

Investment property comprises land held under finance leases and buildings held under finance leases.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value and is not depreciated. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, alternative valuation methods such as recent prices on less active markets or discounted cash flow projections are used. These valuations are performed at each reporting date by external valuers.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflow that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

Subsequent expenditure is accounted for as part of the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the profit or loss during the financial period in which they are incurred.

Changes in fair values are recognised in the profit or loss.

(g) Impairment of investments in subsidiaries, associated companies and non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries or associated companies is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary or associated company in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Notes to the Consolidated Financial Statements *(CONTINUED)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Financial assets

Classification

From 1 April 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit and loss.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial asset carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories to classify the debt instruments:

(1) *Amortised Cost*

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in profit or loss.

(2) *Fair value through profit or loss*

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value.

Dividends from such investments continue to be recognised in the consolidated statement of comprehensive income as "Revenue" when the Group's right to receive payments is established.

Changes in the fair value of FVPL are recognised in profit or loss as applicable.

Impairment

From 1 April 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Notes to the Consolidated Financial Statements *(CONTINUED)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Financial assets *(Continued)*

Accounting policies applied until 31 March 2018

The Group has applied HKFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Until 31 March 2018, the Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for those with maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables are carried at amortised cost using the effective interest method. Loans and receivables of the Group include trade and other receivables in the balance sheet.

(i) **Trade and other receivables**

Trade receivables are amounts due from customers in the ordinary course of business. If collection of trade and other receivable is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, then they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Notes to the Consolidated Financial Statements *(CONTINUED)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Completed properties held for sale

Completed properties held for sale is classified under current assets and carried at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

(k) Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with financial institutions with original maturities of three months or less.

(l) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(m) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries and associated companies operate and generate taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on temporary differences arising on investments in subsidiaries and associated companies, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(n) Employee benefits

The Group participates in two defined contribution retirement benefits schemes. The Group's contributions under the schemes are charged to the profit or loss as incurred. The amount of the Group's contributions is based on specified percentages of the salaries of employees.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

Notes to the Consolidated Financial Statements *(CONTINUED)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(p) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessors are accounted for as operating leases. Rentals applicable to operating leases net of any incentives received from the lessors are charged to the profit or loss on a straight-line basis over the periods of the respective leases.

(q) Revenue recognition

(i) Rental income

Rental income is recognised over the periods of the respective leases on a straight-line basis.

(ii) Management fee income and construction supervision fee income

Revenue from providing management services and construction supervision service is recognised over time in the accounting period in which the services are rendered.

(iii) *Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method.

(iv) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

(r) **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

(s) **Dividend distribution**

Dividend distribution to the Company's equity holders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's Directors/equity holders.

3 FINANCIAL RISK MANAGEMENT

(a) **Financial risk factors**

The Group's activities expose it to various types of financial risks which include market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects it may have on the Group's financial performance.

(i) *Market risk – foreign exchange risk*

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the functional currencies of the entities of the Group.

Notes to the Consolidated Financial Statements *(CONTINUED)*

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Financial risk factors *(Continued)*

(i) Market risk – foreign exchange risk *(Continued)*

The majority of the Group's monetary assets and monetary liabilities and the rental income are denominated in Hong Kong dollar, except for certain financial assets at fair value through profit or loss and bank deposits which are denominated in the United States dollar and Renminbi ("RMB"), respectively.

The Group's exposure to foreign exchange risk arising from financial assets denominated in United States dollar is insignificant as Hong Kong dollar is pegged to the United States dollar.

The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

At 31 March 2019, if Hong Kong dollar had weakened or strengthened by 1% (2018: 1%) against RMB, with all other variables held constant, profit before income tax for the year would have been higher or lower by approximately HK\$747,519 (2018: HK\$768,899) as a result of foreign exchange gains/losses arising from bank deposits.

(ii) Market risk – Price risk

Financial assets at fair value through profit or loss

The Group is exposed to price risk arising from investments classified as financial assets at fair value through profit or loss. The Group's price risk is mainly concentrated on listed securities. To manage its price risk arising from financial assets at fair value through profit or loss, the Group diversifies its portfolio.

The sensitivity analyses below have been determined based on the exposure to price risk at the balance sheet date.

If market prices of investments had been 10% higher/lower, the Group's profit before tax for the year ended 31 March 2019 would increase/decrease by approximately HK\$128,384 (2018: HK\$173,208).

(iii) *Market risk – Interest rate risk*

The Group is exposed to changes in market interest rates through bank deposits.

The following analyses the impact on the Group's profit before tax assuming a reasonable possible change in interest rates for bank deposits, with all other variables held constant.

As at 31 March 2019, if market interest rates had been 50 basis points higher/lower, the Group's profit before tax would increase/decrease by approximately HK\$1,540,808 (2018: HK\$2,390,018).

The Group has no interest bearing liabilities.

(iv) *Credit risk*

(a) *Risk management*

The carrying amounts of bank deposits, financial assets at fair value through profit or loss, trade and other receivables and amounts due from associated companies represent the Group's maximum exposure to credit risk in relation to financial assets.

Bank deposits and financial assets at fair value through profit or loss were placed with banks and a financial institution with sound credit ratings to mitigate the risk.

The Group has policies in place to ensure that rental deposits are required from tenants prior to commencement of leases and sale proceeds are received before the assignments of properties are executed. Amounts due from associated companies are generally supported by the underlying assets and the Group monitors the credibility of associated companies continuously. At each balance sheet date, the Group reviews the recoverable amount of each debtor to ensure that adequate provision is made for irrecoverable amounts.

Notes to the Consolidated Financial Statements *(CONTINUED)*

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Financial risk factors *(Continued)*

(iv) Credit risk (Continued)

(b) Impairment on financial assets

Trade receivables

Given the track record of regular repayment of trade receivables, the directors are of the opinion that the risk of default by these customers is not significant, taking into account forward-looking information on macroeconomics factors. Therefore, expected credit loss rate of trade receivables is assessed to be insignificant. There is no loss allowances at 31 March 2019 (2018: same).

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables, amount due from associated companies and cash and bank balances. The financial positions and performances of the counterparties are regularly monitored and reviewed by management of the Group and the credit risk are considered to be low. There is no loss allowances at 31 March 2019 (2018: same).

(v) Liquidity risk

To achieve the prudent liquidity risk management the Group holds sufficient cash for operation.

The Group's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

The table below analyses the Group's financial liabilities and derivative financial instruments that will be settled on a gross basis into relevant maturity groups based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Repayable on demand HK\$	Less than 1 year HK\$	Between 1 and 2 years HK\$	Between 2 and 5 years HK\$	Total HK\$
At 31 March 2019					
Amounts due to associated companies	43,052,443	–	–	–	43,052,443
Trade and other payables	–	4,328,630	369,600	591,372	5,289,602
At 31 March 2018					
Amounts due to associated companies	45,515,443	–	–	–	45,515,443
Trade and other payables	–	3,794,317	26,300	–	3,820,617

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and to support future development of the business. The Group's strategy remains unchanged from the year ended 31 March 2018 and is to maintain net cash position.

The Group considers the total equity of the Group as its capital.

The Group reviews the capital structure periodically and manages its overall capital structure through payment of dividends.

Notes to the Consolidated Financial Statements *(CONTINUED)*

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Fair value estimation

The fair value of financial assets at fair value through profit or loss is determined on the basis set out in Note 2(h).

The carrying amounts of trade and other receivables, cash and bank balances, trade and other payables and amounts due from/to associated companies approximate their fair values.

The Group's financial instruments are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets that are measured at fair value at 31 March 2019 and 2018. See Note 15 for disclosures of the investment properties that are measured at fair value.

As at 31 March 2019

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Assets				
Financial assets at fair value through profit or loss	1,283,835	–	–	1,283,835

As at 31 March 2018

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Assets				
Financial assets at fair value through profit or loss	1,732,077	–	–	1,732,077

There were no transfers between levels 1 and 2 during the year.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise listed equity securities classified as financial assets at fair value through profit or loss.

Notes to the Consolidated Financial Statements *(CONTINUED)*

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Fair value of investment properties

The fair values of investment properties of the Group and associated companies are determined by an independent valuer on an open market for existing use basis with reference to comparable market transactions. In making the judgement, the Group considers information from a variety of sources including:

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences; and
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

If information on current or recent prices of investment properties is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

(b) Income taxes

The Group is subject to income taxes in Hong Kong. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

5 REVENUES

	2019	2018
	HK\$	HK\$
Rental income		
Investment properties	3,388,707	3,309,200
Other properties	2,777,800	2,946,167
Bank interest income	7,918,451	5,353,518
Dividend income	73,415	64,458
<i>Recognised over time</i>		
Management fee income	1,523,412	1,339,383
Construction supervision fee income	86,900	197,750
	15,768,685	13,210,476

Notes to the Consolidated Financial Statements (CONTINUED)

6 OTHER (LOSSES)/GAINS, NET

	2019 HK\$	2018 HK\$
Net exchange (losses)/gains	(4,880,251)	7,368,464
Sundries	5,628	203,572
	(4,874,623)	7,572,036

7 EXPENSES BY NATURE

	2019 HK\$	2018 HK\$
Direct outgoings in relation to properties that generate income		
Investment properties	911,831	639,221
Other properties	453,381	283,224
	1,365,212	922,445
Staff costs (including Directors' remuneration)		
Salaries and other emoluments	7,200,812	6,900,098
Contributions to retirement schemes	457,511	417,456
	7,658,323	7,317,554
Other operating expenses		
Auditor's remuneration		
Audit fees	699,800	629,700
Non-audit fees	174,600	170,300
Others	899,829	928,710
	1,774,229	1,728,710

8 SHARE OF PROFITS LESS LOSSES OF ASSOCIATED COMPANIES

The Group's share of results of associated companies included the Group's share of fair value gains on investment properties held by associated companies amounting to HK\$85,500,000 (2018: HK\$96,600,000), which arise from investment properties held by associated companies with the Group's share of the carrying value amounting to HK\$744,900,000 (2018: HK\$659,350,000).

9 GAIN ON DISPOSAL OF AN ASSOCIATED COMPANY, NET

During the year ended 31 March 2018, the Group disposed of all of its 25% equity interest in Eastern Tailor Enterprises Limited, an associated company in February 2018.

10 REMUNERATION OF DIRECTORS AND THE CHIEF EXECUTIVE

The remuneration of each of the Directors and the chief executive is set out below:

Year ended 31 March 2019

Emoluments paid or payable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking:

	Fees HK\$	Salaries HK\$	Total HK\$
Executive Directors			
Mr. Cheung Kee Wee (<i>Chairman</i>) (<i>Note (a)</i>)	120,000	300,000	420,000
Mr. Cheung Lin Wee (<i>Note (a)</i>)	120,000	300,000	420,000
Mr. Cheung Ying Wai, Eric (<i>Note (a)</i>)	120,000	300,000	420,000
Non-executive Directors			
Mr. Ng Kwok Tung	120,000	–	120,000
Independent Non-executive Directors			
Mr. Lam Hon Keung, Keith	120,000	–	120,000
Mr. Chan Woon Kong	120,000	–	120,000
Mr. Au-Yang Cheong Yan, Peter	120,000	–	120,000
	840,000	900,000	1,740,000

Notes to the Consolidated Financial Statements (CONTINUED)

10 REMUNERATION OF DIRECTORS AND THE CHIEF EXECUTIVE (Continued)

Year ended 31 March 2018

Emoluments paid or payable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking:

	Fees HK\$	Salaries HK\$	Total HK\$
Executive Directors			
Mr. Cheung Kee Wee (<i>Chairman</i>)	120,000	300,000	420,000
Mr. Cheung Lin Wee	120,000	300,000	420,000
Mr. Cheung Ying Wai, Eric	120,000	300,000	420,000
Non-executive Director			
Mr. Ng Kwok Tung	120,000	–	120,000
Independent Non-executive Directors			
Mr. Lam Hon Keung, Keith	120,000	–	120,000
Mr. Chan Woon Kong	120,000	–	120,000
Mr. Au-Yang Cheong Yan, Peter	120,000	–	120,000
	840,000	900,000	1,740,000

During the year, apart from the emoluments disclosure in above, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable (2018: Nil). No consideration was provided to or receivable by third parties for making available directors' services (2018: Nil). There are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2018: None).

No director of the Company and their connected entities had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of the year or at any time during the year (2018: None).

Notes:

- (a) The directors took the role of chief executive of the Company.
- (b) No other emoluments were paid and none of the Directors have waived the right to receive their emoluments for the years ended 31 March 2019 and 2018.

Of the five individuals with the highest emoluments in the Group, two (2018: two) were directors of the Company. The emoluments paid to the five highest paid individuals of the Group during the year was as follow:

	2019	2018
	HK\$	HK\$
Salaries and other emoluments	3,131,674	3,027,683
Contributions to retirement schemes	138,937	108,929
	3,270,611	3,136,612

The emoluments of each of the five highest paid individuals are below HK\$1,000,000 for the years ended 31 March 2019 and 2018.

11 RETIREMENT SCHEMES

The Group operates two defined contribution retirement schemes in Hong Kong which comply with the respective requirements of the Occupational Retirement Schemes Ordinance ("ORSO") and Mandatory Provident Fund ("MPF") Schemes Ordinance. The schemes cover all the employees of the Group. All the assets under the schemes are held separately from the Group under independently administered funds. Contributions to the MPF Scheme follow the MPF Schemes Ordinance while contributions to the ORSO Scheme are based on a percentage of employee salary depending upon the length of employment.

Notes to the Consolidated Financial Statements (CONTINUED)

12 INCOME TAX CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profit for the year.

	2019 HK\$	2018 HK\$
Hong Kong profits tax		
Provision for the year	(4,207)	(53,881)
Deferred income tax (Note 24)	471,050	411,696
	466,843	357,815

The income tax expense on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of Hong Kong, the country in which the Group operates, as follows:

	2019 HK\$	2018 HK\$
Profit before income tax	136,742,961	258,588,180
Share of profits less losses of associated companies	(123,397,452)	(136,993,414)
	13,345,509	121,594,766
Calculated at a tax rate of 16.5% (2018: 16.5%)	(2,202,009)	(20,063,136)
Income not subject to tax	3,579,126	20,761,369
Expenses not deductible for tax purposes	(896,251)	(339,717)
Utilisation of previously unrecognised tax losses	11,936	–
Tax losses not recognised	(52,637)	(42,521)
Reversal of temporary differences	–	2
Effect of change in tax rate (Note)	14,056	–
Statutory tax reduction	12,622	41,818
Income tax credit	466,843	357,815

Note: For the year ended 31 March 2019, the applicable statutory Corporate Income Tax rate in Hong Kong is 8.25% on assessable profits up to HK\$2 million and 16.5% on any part of the assessable profits over HK\$2 million (2018: 16.5% for all levels of assessable profits). The change to the two-tiered profits tax rates was enacted on 29 March 2018 by the Inland Revenue department of Hong Kong, effective from the year of assessment 2018/19. However, for two or more connected entities, only one of them may elect the two-tiered profits tax rates.

13 DIVIDENDS

	2019 HK\$	2018 HK\$
Special dividend of HK\$ nil (2018: HK138 cents) per share	–	166,924,800
Interim dividend paid of HK11 cents (2018: HK11 cents) per share	13,305,600	13,305,600
Proposed final dividend of HK11 cents (2018: HK11 cents) per share	13,305,600	13,305,600
Proposed special dividend of HK12 cents (2018: HK12 cents) per share	14,515,200	14,515,200
	41,126,400	208,051,200

Note: At the Board meeting held on 27 June 2019, the Board of Directors proposed a final dividend of HK11 cents per share and a special dividend of HK12 cents per share. These proposed dividends will be accounted for as an appropriation of retained profits for the year ending 31 March 2020.

14 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2019 HK\$	2018 HK\$
Profit attributable to equity holders of the Company	137,209,804	258,945,995
Weighted average number of ordinary shares in issue	120,960,000	120,960,000
Earnings per share (Basic and diluted)	1.13	2.14

The Company has no dilutive potential ordinary shares.

Notes to the Consolidated Financial Statements (CONTINUED)

15 INVESTMENT PROPERTIES

	2019 HK\$	2018 HK\$
At valuation		
At beginning of the year	223,700,000	207,800,000
Fair value gains	13,700,000	15,900,000
At end of the year	237,400,000	223,700,000

The investment properties are held on leases of over 50 years in Hong Kong.

The Group leases out its investment properties under operating leases. Leases typically run for an initial period of one to two years, with some having the option to renew, at which time all terms are renegotiated.

The revaluation gains or losses is included in "Changes in fair value of investment properties" in the consolidated statement of comprehensive income. The following table analyses the investment properties carried at fair value, by valuation method.

Fair value hierarchy for recurring fair value measurements

Description	Fair value measurements		
	Quoted prices in active markets for identical assets (Level 1) HK\$	Significant other observable inputs (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$
31 March 2019			
Investment properties:			
– Commercial building	–	–	9,400,000
– Duplex apartment	–	–	78,000,000
– Luxury house	–	–	150,000,000
	–	–	237,400,000

Description	Fair value measurements		
	Quoted prices	Significant	Significant
	in active	other	unobservable
	markets for	observable	inputs
identical	inputs	(Level 3)	
assets	(Level 2)	(Level 3)	
(Level 1)	(Level 2)	(Level 3)	
HK\$	HK\$	HK\$	
31 March 2018			
Investment properties:			
– Commercial building	–	–	8,700,000
– Duplex apartment	–	–	75,000,000
– Luxury house	–	–	140,000,000
	–	–	223,700,000

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels 1, 2 and 3 during the year.

The following table presents the changes in level 3 assets for the year ended 31 March 2019 and 2018.

	2019	2018
	HK\$	HK\$
Opening balance	223,700,000	207,800,000
Unrealised net fair value gains for the year included in the consolidated statement of comprehensive income for assets held at the end of the year	13,700,000	15,900,000
Closing balance	237,400,000	223,700,000

Notes to the Consolidated Financial Statements (CONTINUED)

15 INVESTMENT PROPERTIES (Continued)

Valuation processes of the Group

The Group's investment properties were valued at 31 March 2019 and 2018 by independent professionally qualified valuer who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued.

Discussions of valuation processes and results are held between the chief financial officer, the valuation team and valuers at least once every six months, in line with the Group's interim and annual reporting dates. As at 31 March 2019 and 2018, the fair values of the properties have been determined by C S surveyors Limited.

Valuation techniques

Fair value measurements using significant unobservable inputs

Fair values of investment properties of the Group are generally derived using the direct comparison method. However, given the unique nature and lack of recent transaction of certain properties, significant adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration. The ranges of unobservable input are similar between the commercial building, the apartment and the house. These significant unobservable inputs include:

Description	Valuation Technique	Unobservable inputs	Range of unobservable input input HK\$	Relationship of unobservable inputs to fair value
Commercial building, apartment and house	Direct comparison method	Storey	0.5% to 1% price adjustment per each storey	The higher the storey, the higher the fair value
		Landscape view	5% to 20% of property value	The better the landscape view, the higher the fair value
		Age of property	0.5% to 1% price adjustment per year	The older the property, the lower the price

There were no changes to the valuation techniques during the year.

16 SUBSIDIARIES

Particulars of the subsidiaries, all of which are wholly-owned by the Company, are as follows:

Name	Principal activities	Particulars of issued share capital
Festigood Company Limited	Property development	2 ordinary shares
Galy Property Management Limited	Property management	2 ordinary shares
Khanman Property Limited	Property investment	2 ordinary shares
Tai Kong Shan Realty Limited	Property investment	100,000 ordinary shares
Wah Ha Construction Company Limited	Building contractor	2 ordinary shares
Wah Ha Real Estate Agency Limited	Property agency	1,000 ordinary shares
WH Properties Limited	Property investment	100 ordinary shares

Notes:

- (a) All subsidiaries are incorporated and operate in Hong Kong and are held directly by the Company.
- (b) During the year ended 31 March 2019, Tinpoly Realty Limited was dissolved as from 22 March 2019.

Notes to the Consolidated Financial Statements (CONTINUED)

17 ASSOCIATED COMPANIES

	2019 HK\$	2018 HK\$
Share of net assets	854,249,739	771,352,287
Amounts due from associated companies (Note)	21,161,226	19,620,226
Amounts due to associated companies (Note)	(43,052,443)	(45,515,443)

Note:

Amounts due from/to associated companies are unsecured, interest free and have no specific repayment terms.

The Group has not provided any guarantees in respect of any borrowings or facilities of the associated companies and has not entered into any agreements to make further advances to the associated companies.

Summarised financial information for associated companies

Set out below are the associated companies of the Group as at 31 March 2019, which, in the opinion of the directors, are material to the Group. The results of the associated companies and the Group's share of assets and liabilities of the associated companies are summarised as follows:

	Daily Eagle Development Limited		Remadour Estate Limited		Hinquand Enterprise Limited		Wah Ha Property Development Limited		Eastern Tailor Enterprises Limited	
	2019 HK\$000	2018 HK\$000	2019 HK\$000	2018 HK\$000	2019 HK\$000	2018 HK\$000	2019 HK\$000	2018 HK\$000	2019 HK\$000	2018 HK\$000 (Note)
Revenue	62,126	61,697	5,360	5,998	7,396	6,881	1,441	1,564	-	10,531
Profit for the year	224,658	299,783	63,294	43,755	55,649	15,034	4,759	11,868	-	61,121
Dividends received from associated companies	14,500	9,500	-	875	-	-	-	500	-	4,197

Note :

The figures shown in above represented the 11 months' financial information for the period ended 28 February 2018.

The information above reflects the amounts presented in the financial statements of the associated companies in which the accounting policies are consistent to the Group.

	Daily Eagle Development Limited		Remadour Estate Limited		Hinquand Enterprise Limited		Wah Ha Property Development Limited		Eastern Tailor Enterprises Limited	
	2019 HK\$000	2018 HK\$000	2019 HK\$000	2018 HK\$000	2019 HK\$000	2018 HK\$000	2019 HK\$000	2018 HK\$000	2019 HK\$000	2018 HK\$000 (Note)
Current										
Assets	33,534	41,381	6,562	3,471	19,393	13,484	2,089	971	-	2,790
Liabilities	(13,851)	(13,820)	(1,146)	(1,470)	(1,948)	(1,788)	(225)	(282)	-	(2,497)
Total current net assets	19,683	27,561	5,416	2,001	17,445	11,696	1,864	689	-	293
Non-current										
Assets	1,775,000	1,600,000	500,000	440,000	270,000	220,000	82,300	78,700	-	450,000
Liabilities	(10,915)	(10,450)	(3,107)	(2,986)	(2,057)	(1,957)	(307)	(290)	-	(1,587)
Total non-current net assets	1,764,085	1,589,550	496,893	437,014	267,943	218,043	81,993	78,410	-	448,413
Net assets	1,783,768	1,617,111	502,309	439,015	285,388	229,739	83,857	79,099	-	448,706
Interest in associated companies (25%; 25%; 50%; 50%)	445,942	404,278	125,577	109,754	142,694	114,869	41,929	39,549	-	-
Carrying value	445,942	404,278	125,577	109,754	142,694	114,869	41,929	39,549	-	-

Note:

The figures shown in above represented the financial information as of 28 February 2018 for the disposed associated company.

There are no contingent liabilities relating to the Group's interest in the associated companies as at 31 March 2019 and 2018.

Aggregate information of associated companies that are not individually material:

	2019 HK\$	2018 HK\$
The Group's share of profits less losses from operations and total comprehensive income	21,205,188	22,377,540
Group's share of net assets	98,107,401	102,902,214

Notes to the Consolidated Financial Statements (CONTINUED)

17 ASSOCIATED COMPANIES (Continued)

Summarised financial information for associated companies (Continued)

Particulars of the associated companies are as follows:

Name	Principal activities	Particulars of issued shares	Effective percentage of equity held by the Group	
			2019	2018
Daily Eagle Development Limited	Property development	4 ordinary shares	25	25
Fu Kung San Realty Limited	Investment holding	100 ordinary shares	50	50
Fupoly Properties Limited	Property investment	10,000 ordinary shares	25	25
Hinquand Enterprise Limited	Property investment	1,000 ordinary shares	50	50
Keneva Company Limited	Property development	20 ordinary shares	25	25
Kin Yuen Hing Investment Company Limited	Property development	200,000 ordinary shares	50	50
Mass Collection Company Limited	Property development	2 ordinary shares	50	50
Remadour Estate Limited	Property investment	10,000 ordinary shares	25	25
Sing Mei Properties Limited	Property investment	69,513 ordinary shares	25	25
Star Fortune Investments Limited	Property development	2 ordinary shares	50	50
Sun Prince Godown Limited	Property investment	100,000 ordinary shares	50	50
Sun Tai Tsuen Godown Company Limited	Property investment	100,000 ordinary shares	50	50
Wah Ha Property Development Limited	Property investment	10 ordinary shares	50	50

All associated companies are incorporated and operate in Hong Kong and are held directly by the Company except for Sing Mei Properties Limited which is 50% owned by a 50% owned associated company, Fu Kung San Realty Limited.

18 COMPLETED PROPERTIES HELD FOR SALE

	2019	2018
	HK\$	HK\$
Completed properties held for sale in Hong Kong At beginning and at end of the year	1,456,911	1,456,911

The completed properties held for sale in Hong Kong are held on leases of between 10 to 50 years.

19 TRADE AND OTHER RECEIVABLES

	2019	2018
	HK\$	HK\$
Trade receivables		
Within 3 months	201,806	172,190
Other receivables	908,008	1,734,081
Prepayments and utility deposits	291,265	283,815
	1,401,079	2,190,086

Notes:

- (a) Trade receivables represent rental and management fee receivables. Rental receivable is normally due for payment upon presentation of debit note at the beginning of each rental period (normally on a monthly basis). The rental receivables are generally fully covered by the rental deposits from corresponding tenants. Management fee is normally due for payment upon presentation of debit note at the end of each month. The above ageing analysis is based on the debit note date.

Receivables are denominated in Hong Kong Dollar and the Directors consider that the fair value of these receivables at the balance sheet date was approximately their carrying amounts.

- (b) The Group applies HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. This has not resulted in a significant change to the loss allowance of trade receivables as at 1 April 2018 and 31 March 2019. There is no loss allowance as at 1 April 2018 and 31 March 2019. Note 3(a)(iv) provides for details about the assessment of the allowance.
- (c) As at 31 March 2018, a consideration receivable amounted to HK\$658,395 in connection with the disposal of an associated company was included in other receivables.

Notes to the Consolidated Financial Statements (CONTINUED)

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 HK\$	2018 HK\$
Listed shares – Overseas	1,283,835	1,732,077

Financial assets at fair value through profit or loss are denominated in United States dollar.

21 CASH AND BANK BALANCES

	2019 HK\$	2018 HK\$
Cash in hand	10,000	20,000
Bank balances	3,377,988	2,724,890
Bank deposits with original maturity less than three months	308,161,584	478,003,651
	311,549,572	480,748,541

Bank deposits and bank balances are placed with the following banks in Hong Kong:

	2019 HK\$	2018 HK\$
The Bank of East Asia	207,508,212	375,204,195
The Bank of Communications	103,918,454	105,470,273
Others	122,906	74,073
	311,549,572	480,748,541

The carrying amounts of cash and bank balances are denominated in the following currencies:

	2019 HK\$	2018 HK\$
Hong Kong dollar	236,684,797	402,083,580
United States dollar	112,901	1,775,098
Renminbi	74,751,874	76,889,863
	311,549,572	480,748,541

22 SHARE CAPITAL

	2019 HK\$	2018 HK\$
Issued and fully paid: 120,960,000 ordinary shares	78,624,000	78,624,000

23 RETAINED PROFITS

	HK\$
At 31 March 2017	1,157,378,707
Profit for the year	258,945,995
2017 final dividend	(13,305,600)
2017 special dividend	(14,515,200)
2018 interim dividend	(13,305,600)
At 31 March 2018	1,375,198,302
Profit for the year	137,209,804
2018 final dividend	(13,305,600)
2018 special dividend	(181,440,000)
2019 interim dividend	(13,305,600)
At 31 March 2019	1,304,356,906

24 DEFERRED INCOME TAX

Deferred income tax is calculated on temporary differences under the liability method using a tax rate of 16.5% (2018: 16.5%).

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and where the deferred taxation relates to the same fiscal authority. The amounts shown on the consolidated balance sheet are as follows:

	2019 HK\$	2018 HK\$
Deferred income tax assets	3,380,671	2,301,189
Deferred income tax liabilities	(608,432)	–
	2,772,239	2,301,189

A substantial portion of deferred income tax assets will be recovered after twelve months from the balance sheet date.

Notes to the Consolidated Financial Statements (CONTINUED)

24 DEFERRED INCOME TAX (Continued)

The gross movements of the deferred tax assets recognised are as follows:

	Assets		Total HK\$
	Tax losses HK\$	Accelerated depreciation allowances HK\$	
At 31 March 2017	2,906,902	(1,017,409)	1,889,493
Credited/(charged) to consolidated statement of comprehensive income (Note 12)	835,679	(423,983)	411,696
At 31 March 2018	3,742,581	(1,441,392)	2,301,189
Credited/(charged) to consolidated statement of comprehensive income (Note 12)	895,032	(423,982)	471,050
At 31 March 2019	4,637,613	(1,865,374)	2,772,239

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. Deferred tax assets of HK\$644,282 (2018: HK\$591,645) arising from unused tax losses of HK\$3,904,742 (2018: HK\$3,585,727) have not been recognised in the consolidated financial statements. These tax losses have no expiry date.

25 TRADE AND OTHER PAYABLES

	2019 HK\$	2018 HK\$
Trade payables		
Within 3 months	411,515	35,352
Other payables	2,656,760	1,545,846
Rental and utility deposits received	1,168,472	1,256,093
Accrued expenses	1,052,855	983,326
	5,289,602	3,820,617

26 OPERATING LEASE RENTAL RECEIVABLE

The future aggregate minimum lease rental income under non-cancellable operating leases in respect of land and buildings is receivable in the following years:

	2019 HK\$	2018 HK\$
First year	4,821,725	2,659,540
Second to fifth years inclusive	2,431,250	26,375
	7,252,975	2,685,915

27 SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group is not charged for office space and office furniture and fixtures provided by a related company.

The key management of the Group refer to the Directors and their remuneration are set out in Note 10.

28 SEGMENT INFORMATION

The principal activities of the Group include those relating to investment holding, property development, investment and management in Hong Kong. There is no other significant identifiable separate business. In accordance with the Group's internal financial reporting provided to the chief operating decision-maker for the purpose of allocating resources, assessing performance of the operating segments and making strategic decision, the reportable operating segments are property development, investment and management and investments.

Segment assets consist of investment properties, financial assets at fair value through profit or loss, receivables, completed properties held for sale and cash and bank balances and exclude items such as tax recoverable and deferred income tax assets. Segment liabilities comprise operating liabilities and exclude items such as tax payable, unpaid dividend and deferred income liabilities.

Notes to the Consolidated Financial Statements (CONTINUED)

28 SEGMENT INFORMATION (Continued)

	Property development, investment and management HK\$	Investments HK\$	Total HK\$
Year ended 31 March 2019			
Revenues	7,776,819	7,991,866	15,768,685
Segment results	18,266,976	2,662,433	20,929,409
Unallocated costs			(7,583,900)
Operating profit			13,345,509
Share of profits less losses of associated companies	123,397,452	–	123,397,452
Profit before income tax			136,742,961
Income tax credit			466,843
Profit attributable to equity holders of the Company			137,209,804
Segment assets	260,524,642	313,727,981	574,252,623
Associated companies	854,249,739	–	854,249,739
Unallocated assets			3,429,021
Total assets			1,431,931,383
Segment liabilities	45,705,862	–	45,705,862
Unallocated liabilities			3,244,615
Total liabilities			48,950,477
Changes in fair value of investment properties	13,700,000	–	13,700,000

	Property development, investment and management HK\$	Investments HK\$	Total HK\$
Year ended 31 March 2018			
Revenues	7,792,500	5,417,976	13,210,476
Segment results	20,996,419	10,727,597	31,724,016
Unallocated costs			(7,069,056)
Operating profit			24,654,960
Share of profits less losses of associated companies	136,993,414	–	136,993,414
Gain on disposal of an associated company, net	96,939,806	–	96,939,806
Profit before income tax			258,588,180
Income tax credit			357,815
Profit attributable to equity holders of the Company			258,945,995
Segment assets	245,911,586	483,536,255	729,447,841
Associated companies	771,352,287	–	771,352,287
Unallocated assets			2,362,173
Total assets			1,503,162,301
Segment liabilities	47,815,881	–	47,815,881
Unallocated liabilities			1,524,118
Total liabilities			49,339,999
Changes in fair value of investment properties	15,900,000	–	15,900,000

For the year ended 31 March 2019, there were two (2018: two) customers who individually contributed over 10% of the total revenue. The revenue contributed by these customers was HK\$4,244,000 (2018: HK\$4,236,000). The customers belong to the “Property development, investment and management” segment.

Notes to the Consolidated Financial Statements (CONTINUED)

29 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

(a) Balance sheet of the Company

<i>Note</i>	2019 HK\$	2018 HK\$
ASSETS		
Non-current assets		
Investment properties	78,000,000	75,000,000
Investments in subsidiaries	110,304	110,344
Investments in associated companies	1,088,097	1,088,097
Deferred income tax assets	3,380,671	2,670,432
	82,579,072	78,868,873
Current assets		
Completed properties held for sale	663,276	663,276
Amounts due from subsidiaries	137,103,127	138,633,127
Amounts due from associated companies	21,161,226	19,620,226
Trade and other receivables	1,101,974	1,911,693
Financial assets at fair value through profit or loss	1,283,835	1,732,077
Cash and bank balances	304,340,363	473,615,757
	465,653,801	636,176,156
Total assets	548,232,873	715,045,029
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	78,624,000	78,624,000
Retained profits		
– Special dividend	–	166,924,800
– Proposed dividends	27,820,800	27,820,800
– Other	379,031,116	345,911,497
<i>29(b)</i>	406,851,916	540,657,097
Total equity	485,475,916	619,281,097

<i>Note</i>	2019	2018
	HK\$	HK\$
LIABILITIES		
Current liabilities		
Amounts due to subsidiaries	15,491,163	47,232,669
Amounts due to associated companies	43,052,443	45,515,443
Trade and other payables	4,213,351	3,015,820
Total liabilities	62,756,957	95,763,932
Total equity and liabilities	548,232,873	715,045,029
Net current assets	402,896,844	540,412,224

The balance sheet of the Company was approved by the Board of Director on 27 June 2019 and was signed on its behalf.

Cheung Kee Wee
Director

Cheung Lin Wee
Director

Notes to the Consolidated Financial Statements *(CONTINUED)***29 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY***(Continued)***(b) Reserve movement of the Company**

	HK\$
At 31 March 2017	343,058,710
Profit for the year	238,724,787
2017 final dividend	(13,305,600)
2017 special dividend	(14,515,200)
2018 interim dividend	(13,305,600)
At 31 March 2018	540,657,097
Profit for the year	74,246,019
2018 final dividend	(13,305,600)
2018 special dividend	(181,440,000)
2019 interim dividend	(13,305,600)
At 31 March 2019	406,851,916

Five Year Financial Summary

	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000	2015 HK\$'000
Results					
Year ended 31 March					
Revenues/turnover	15,769	13,210	23,644	46,805	19,717
Profit before income tax	136,743	258,588	78,604	70,366	79,333
Profit attributable to equity holders of the Company	137,210	258,946	77,348	65,384	78,447
Dividends	41,126	208,051	41,126	56,851	43,546
Assets and liabilities					
As at 31 March					
Investment properties	237,400	223,700	207,800	194,000	73,000
Investments in associated companies	854,250	771,352	763,807	744,455	751,010
Amounts due from associated companies	–	–	–	–	1,577
Available-for-sale financial assets	–	–	–	250	250
Deferred income tax assets	3,381	2,301	1,889	1,574	1,095
Current assets	336,900	505,809	297,843	325,164	407,757
Total assets	1,431,931	1,503,162	1,271,339	1,265,443	1,234,689
Share capital	78,624	78,624	78,624	78,624	78,624
Retained profits	1,304,357	1,375,198	1,157,379	1,135,673	1,115,043
Total equity	1,382,981	1,453,822	1,236,003	1,214,297	1,193,667
Deferred income tax liabilities	608	–	–	–	–
Current liabilities	48,342	49,340	35,336	51,146	41,022
Total liabilities	48,950	49,340	35,336	51,146	41,022
Total equity and liabilities	1,431,931	1,503,162	1,271,339	1,265,443	1,234,689

Financial Summary of Associated Companies

A significant portion of the Group's property development and investment activities is undertaken by associated companies. To provide equity holders with information on the financial performance and position of the associated companies, the following is a summary of the aggregated results and net assets of the Group's associated companies for the year ended 31 March 2019:

	2019 HK\$	2018 HK\$ (note)
Results		
Revenues	163,896,663	176,960,683
Operating profit	150,688,467	149,277,002
Changes in fair value of investment properties	288,600,000	365,700,000
Profit before income tax	439,288,467	514,977,002
Income tax expense	(20,748,822)	(24,391,501)
Profit for the year	418,539,645	490,585,501
Group's share of profits less losses after income tax	123,397,452	136,993,414

Note:

The figures shown in above included the 11 months' statement of comprehensive income up to 28 February 2018 of the disposed associated company.

	2019 HK\$	2018 HK\$
Net assets		
Non-current assets	2,669,623,944	2,371,994,042
Current assets	283,263,603	289,965,402
Net amounts due from equity holders	70,791,409	86,724,410
Non-current liabilities	(16,385,028)	(15,683,428)
Current liabilities	(57,292,894)	(65,539,037)
Net assets	2,950,001,034	2,667,461,389
Group's share of net assets	854,249,739	771,352,287

Principal Properties

As at 31 March 2019

(A) FOR INVESTMENT

Description	Lot No.	Type	Approximate Gross Floor Area (sq. ft)	Lease Term	Owner
GROUP					
Hong Kong					
Flats B and C on 2/F, Hin Wah Building at Nos. 446-450 Hennessy Road, Causeway Bay	The Remaining Portion ("RP") of Sub-Section ("Subsec.") 1 of Section ("Sec.") A of Marine Lot No. 269; RP of Sec. A of Marine Lot No. 269; and RP of Sec. E of Marine Lot No. 201	Commercial	960	Long Lease	WH Properties Limited
Apartment B on 1/F and 2/F and 2 carparks, Repulse Bay Towers at No. 119A Repulse Bay Road, Repulse Bay	Sec. B of Rural Building Lot No. 168; RP of Sec. A of Rural Building Lot No. 168; and Sec. B of Subsec. 3 of Sec. A of Rural Building Lot No. 168	Residential	3,100	Long Lease	Wah Ha Realty Company Limited
House 11, No. 50 Stanley Village Road, Stanley	Rural Building Lot No.243	Residential	2,725 (net)	Long Lease	Khanman Property Limited
ASSOCIATED COMPANIES					
Hong Kong					
Flat 11 on G/F, Montane Mansion at No. 1028 King's Road, Quarry Bay	Sec. C of Inland Lot No. 8104	Commercial	430 (net)	Long Lease	Wah Ha Property Development Limited

Principal Properties (CONTINUED)

As at 31 March 2019

Description	Lot No.	Type	Approximate Gross Floor Area (sq. ft)	Lease Term	Owner
G/F and 2/F, Midland Centre (82 shops) at No. 328 Queen's Road Central	Inland Lot No. 8426	Commercial	22,666	Long Lease	Hinquand Enterprise Limited
Flat 2 on G/F and Basement and 2 carparks on Basement, Stewart Terrace at Nos. 81-95 Peak Road	Rural Building Lot Nos. 299-306	Residential	3,090	Short Lease	Wah Ha Property Development Limited
Belvedere (5 townhouses and 12 carparks) at No. 41 Chung Hom Kok Road, Chung Hom Kok	Rural Building Lot No. 968	Residential	16,894	Long Lease	Remadour Estate Limited
Horizon Plaza at No. 2 Lee Wing Street, Ap Lei Chau West, Aberdeen	Ap Lei Chau Inland Lot No. 122	Commercial	496,834	Medium Lease	Daily Eagle Development Limited and Double Joy Investment Company Limited

(B) FOR SALE

Description	Lot No.	Type	Approximate Gross Floor Area (sq. ft.)	Owner	Group's Effective Interest (%)
Hong Kong					
Eight Commercial Tower (186 office/industrial units, 69 shops on G/F and 1/F and 162 carparks) at junction of Sun Yip Street and On Yip Street, Chai Wan	Chai Wan Inland Lot No. 144	Office/Industrial Commercial (G/F and 1/F)	238,590 36,853	Keneva Company Limited	25
Kowloon					
Flat A on G/F, May Wah Court at Nos. 111 – 113 Chatham Road, Tsimshatsui	RP of Kowloon Inland Lot No. 9935 and RP of Kowloon Inland Lot No. 9936	Commercial	2,860	Wah Ha Realty Company Limited	100
New Territories					
Texaco Road Industrial Centre (27 units and 7 carparks) at Nos. 256-264 Texaco Road, Tsuen Wan	Tsuen Wan Town Lots Nos. 242 and 243	Industrial/ Godown	74,794	Sun Prince Godown Limited and Sun Tai Tsuen Godown Company Limited	50
Wing Kin Industrial Building (workshop on G/F and 6 carparks) at Nos. 4-6 Wing Kin Road, Kwai Chung	Kwai Chung Town Lot No. 273	Industrial	13,456	Tai Kong Shan Realty Limited and Good Fully Realty Limited	50

Principal Properties (CONTINUED)

As at 31 March 2019

Description	Lot No.	Type	Approximate Gross Floor Area (sq. ft.)	Owner	Group's Effective Interest (%)
Good Harvest Centre (2 units) at No. 33 On Chuen Street, On Lok Tsuen, Fanling	Fanling Sheung Shui Town Lot No. 100	Industrial/ Godown	3,576	Mass Collection Company Limited	50
Tsing Yi Industrial Centre (5 units and 22 carparks) at Nos. 1-33 Cheung Tat Road, Tsing Yi	Tsing Yi Town Lot No. 65	Industrial/ Godown	60,744	Sing Mei Properties Limited	25
World Trade Square (159 units and 11 carparks) at No. 21 On Lok Mun Street, On Lok Tsuen, Fanling	Fanling Sheung Shui Town Lot No. 12	Industrial/ Godown	168,546	Kin Yuen Hing Investment Company Limited and Kin Ngai Enterprises Limited	25

(C) FOR DEVELOPMENT

Description	Lot No.	Type	Approximate Site Area (sq. ft.)	Approximate Gross Floor Area (sq. ft.)	Owner	Group's Effective Interest (%)
Kowloon						
Nos. 16, 16A, 18, 20, 22 and 22A Tak Cheong Lane (20 units) at Yau Ma Tei	RP of Sec. C of Kowloon Inland Lot No. 7305	Residential	3,689	6,987	Star Fortune Investments Limited	50