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WAH HA REALTY COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 278)

ANNUAL RESULTS ANNOUNCEMENT
For the year ended 31 March 2018

The Board of Directors of Wah Ha Realty Company Limited (the “Company”) announces that the consolidated results of the Company and its subsidiaries (the “Group”) and its associated companies for the year ended 31 March 2018, with comparative figures for the previous year, are as follows: -

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 HK\$	2017 HK\$
Revenues	2	13,210,476	23,664,010
Changes in fair value of investment properties		15,900,000	13,800,000
Net fair value losses on financial assets at fair value through profit or loss		(2,058,843)	(244,824)
Other gains/(losses), net	4	7,572,036	(4,151,585)
Direct outgoings in relation to properties that generate income	5	(922,445)	(985,040)
Cost of sales of completed properties	5	-	(1,460,812)
Staff costs	5	(7,317,554)	(6,845,509)
Other operating expenses	5	(1,728,710)	(1,824,098)
Operating profit		24,654,960	21,952,142
Share of profits less losses of associated companies		136,993,414	56,652,201
Gain on disposal of an associated company, net		96,939,806	-
Profit before income tax		258,588,180	78,604,343
Income tax credit/(expense)	6	357,815	(1,256,624)
Profit and total comprehensive income attributable to equity holders of the Company		258,945,995	77,347,719
Dividends	7	208,051,200	41,126,400
Earnings per share (Basic and diluted)	8	2.14	0.64

**CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2018**

	Note	2018 HK\$	2017 HK\$
ASSETS			
Non-current assets			
Investment properties		223,700,000	207,800,000
Investments in associated companies		771,352,287	763,806,896
Deferred income tax assets		2,301,189	1,889,493
		<u>997,353,476</u>	<u>973,496,389</u>
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Current assets			
Completed properties held for sale		1,456,911	1,456,911
Amounts due from associated companies		19,620,226	23,422,726
Trade and other receivables	9	2,190,086	1,451,640
Tax recoverable		60,984	14,552
Financial assets at fair value through profit or loss		1,732,077	3,790,920
Short-term bank deposits		-	97,985,728
Cash and bank balances		480,748,541	169,719,961
		<u>505,808,825</u>	<u>297,842,438</u>
		-----	-----
Total assets		<u>1,503,162,301</u>	<u>1,271,338,827</u>
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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
-Others		1,180,452,702	1,129,557,907
		<u>1,375,198,302</u>	<u>1,157,378,707</u>
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Total equity		<u>1,453,822,302</u>	<u>1,236,002,707</u>
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. 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 financial information relating to the years ended 31 March 2018 and 2017 included in this preliminary announcement of annual results for the year ended 31 March 2018 does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) (the “Companies Ordinance”) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 March 2018 in due course.

The Company’s auditor has reported on the financial statements of the Group for both years. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

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

Amendment to HKAS 7	Statement of Cash Flows
Amendment to HKAS 12	Income Taxes
Amendment to HKFRS 12	Disclosure of Interest in Other Entities

The Group has assessed the impact of the adoption of these revised standards and amendments and considered that there were no significant impact on the Group’s results and financial position nor any substantial changes in the Group’s accounting policies and presentation of the financial information.

2. REVENUES

	2018	2017
	HK\$	HK\$
Rental income		
Investment properties	3,309,200	3,049,161
Other properties	2,946,167	3,614,633
Sales of completed properties held for sale	-	10,788,000
Management fee income	1,339,383	1,532,823
Bank interest income	5,353,518	4,009,251
Dividend income	64,458	596,992
Construction supervision fee income	197,750	73,150
	<hr/> 13,210,476 <hr/>	<hr/> 23,664,010 <hr/>

3. 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, short-term bank deposits 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 and unpaid dividend.

	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

	Property development, investment and management HK\$	Investments HK\$	Total HK\$
Year ended 31 March 2017			
Revenues	19,057,767	4,606,243	23,664,010
	<u> </u>	<u> </u>	<u> </u>
Segment results	28,689,026	137,410	28,826,436
	<u> </u>	<u> </u>	
Unallocated costs			(6,874,294)
			<u> </u>
Operating profit			21,952,142
Share of profits less losses of associated companies	56,652,201	-	56,652,201
			<u> </u>
Profit before income tax			78,604,343
Income tax expenses			(1,256,624)
			<u> </u>
Profit attributable to equity holders of the Company			77,347,719
			<u> </u>
Segment assets	233,077,855	272,550,031	505,627,886
Associated companies	763,806,896	-	763,806,896
Unallocated assets			1,904,045
			<u> </u>
Total assets			1,271,338,827
			<u> </u>
Segment liabilities	33,025,938	-	33,025,938
Unallocated liabilities			2,310,182
			<u> </u>
Total liabilities			35,336,120
			<u> </u>
Changes in fair value of investment properties	13,800,000	-	13,800,000
			<u> </u>

4. OTHER GAINS/(LOSSES), NET

	2018 HK\$	2017 HK\$
Net exchange gains/(losses)	7,368,464	(4,224,009)
Sundries	203,572	72,424
	<u>7,572,036</u>	<u>(4,151,585)</u>

5. EXPENSES BY NATURE

	2018 HK\$	2017 HK\$
Direct outgoings in relation to properties that generate income		
Investment properties	639,221	757,678
Other properties	283,224	227,362
	<u>922,445</u>	<u>985,040</u>
Cost of sales of completed properties	<u>-</u>	<u>1,460,812</u>
Staff costs (including Directors' remuneration)		
Salaries and other emoluments	6,900,098	6,455,487
Contributions to retirement schemes	417,456	390,022
	<u>7,317,554</u>	<u>6,845,509</u>
Other operating expenses		
Auditor's remuneration		
Audit fees	629,700	645,100
Non-audit fees	170,300	166,100
Others	928,710	1,012,898
	<u>1,728,710</u>	<u>1,824,098</u>

6. INCOME TAX CREDIT/(EXPENSE)

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the year.

	2018	2017
	HK\$	HK\$
Hong Kong profits tax		
Provision for the year	(53,881)	(1,571,744)
Deferred income tax	411,696	315,120
	<u>357,815</u>	<u>(1,256,624)</u>

7. DIVIDENDS

	2018	2017
	HK\$	HK\$
Special dividend of HK138 cents (2017:Nil) per share (Note a)	166,924,800	-
Interim dividend paid of HK11 cents (2017: HK11 cents) per share	13,305,600	13,305,600
Proposed final dividend of HK11cents (2017: HK11 cents) per share (Note b)	13,305,600	13,305,600
Proposed special dividend of HK12 cents (2017: HK12 cents) per share (Note b)	14,515,200	14,515,200
	<u>208,051,200</u>	<u>41,126,400</u>

Notes:

- (a) At the Board meeting held on Monday, 21 May 2018, the Board of Directors of the Company (the “Board”) has resolved to declare a special dividend of HK138 cents per share, which was paid on Thursday, 21 June 2018. This paid dividend will be accounted for as an appropriation of retained profits for the year ending 31 March 2019.
- (b) At the Board meeting held on Tuesday, 26 June 2018, the Board 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 2019.

8. 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.

	2018	2017
	HK\$	HK\$
Profit attributable to equity holders of the Company	258,945,995	77,347,719
Weighted average number of ordinary shares in issue	120,960,000	120,960,000
Earnings per share (Basic and diluted)	2.14	0.64

The Company has no dilutive potential ordinary shares.

9. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK\$	HK\$
Trade receivables		
Within 3 months	172,190	138,183
Other receivables	1,734,081	1,061,678
Prepayments and utility deposits	283,815	251,779
	2,190,086	1,451,640

Notes:

- (a) Trade receivables represent rental and management fee receivables. Rental 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) As at 31 March 2018, trade receivables of HK\$172,190 (2017: HK\$138,183) were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default.
- (c) At 31 March 2018, there are no trade receivables of the Group individually determined to be impaired (2017: Nil).
- (d) A consideration receivable amounted to HK\$658,395 (2017: Nil) in connection with the disposal of an associated company is included in other receivables.

10. TRADE AND OTHER PAYABLES

	2018	2017
	HK\$	HK\$
Trade payables		
Within 3 months	35,352	2,100
Other payables	1,545,846	1,455,114
Rental and utility deposits received	1,256,093	1,289,593
Accrued expenses	983,326	1,089,634
	3,820,617	3,836,441

DIVIDENDS

The Directors recommend the payment of a final dividend of HK11 cents (2017: HK11 cents) per share and a special dividend of HK12 cents (2017: HK12 cents) per share for the year ended 31 March 2018. Together with the interim dividend of HK11 cents (2017: HK11 cents) per share and a special dividend of HK138 cents per share (2017: Nil), total dividends for the year amount to HK172 cents (2017: HK34 cents) per share. Subject to the approval of the shareholders of the Company at the forthcoming annual general meeting, the proposed final and special dividends totalling HK23 cents per share will be payable on Friday, 28 September 2018 to the equity holders whose names appear on the Register of Members of the Company on Tuesday, 18 September 2018.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 11 September 2018 to Tuesday, 18 September 2018, both days inclusive, during which period no transfer of shares will be registered.

To qualify for the above-mentioned dividends, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Hongkong Managers and Secretaries Limited at Units 1607-8, 16th Floor, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong not later than 4:00 p.m. on Monday, 10 September 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Group's revenues for the year ended 31 March 2018 amounted to HK\$13.2 million, a decrease of about 44.2% from that of the previous year. This significant decrease was mainly attributable to the absence of sales of the Group's properties in the year under review (2017: HK\$10.8 million). Further, reductions in the aggregate rental and dividend income for HK\$0.9 million were recorded. This adverse effect was however mitigated by the significant improvement in interest income for HK\$1.3 million.

For the year under review, the Group's profit attributable to equity holders was HK\$258.9 million, being 3.35 times of that in 2017. Amongst these, HK\$137.0 million (2017: HK\$56.7 million) were ascribed to the Group's share of the results of its associated companies. Earnings per share was HK\$2.14 as compared with HK\$0.64 of last year. During the year under review, the Company's disposal of its entire shareholding in an associated company, the registered owner of the investment property at Vista Stanley, was completed and the realized profit derived therefrom was HK\$96.9 million. Excluding this realized profit and the fair value gains arising from revaluations of the Group's and its associated companies' investment properties, the after-tax profit was higher than that of last year by HK\$10.0 million. Though the profits from sales of the Group's and its associated companies' properties and contribution of the Group's investment portfolio reduced by HK\$1.9 million and HK\$2.3 million respectively, improvements in net exchange differences and interest income for HK\$11.6 million and HK\$1.3 million respectively were reported. Moreover, our core rental business had exhibited a healthy growth with an increase in contribution to the Group's net profit of HK\$1.6 million.

BUSINESS REVIEW

Property Development, Investment and Management

During the year under review, the Rental Business of the Group and its associated companies performed satisfactorily and the overall contributions to the Group's net profit improved by HK\$1.6 million.

During the year under review, an associated company had acquired a residential unit in Yau Ma Tei. On the other hand, certain associated companies of the Group had disposed of some properties which included 5 industrial units at Fanling and 1 industrial unit at Tsing Yi and the Group's share of after-tax profit were HK\$9.8 million.

Subsequent to the financial year end, an associated company had acquired a residential unit in Yau Ma Tei. Agreements for the disposals of 1 industrial unit at Tsing Yi and 4 industrial units at Fanling were entered into by certain associated companies and the Group's estimated aggregate share of after-tax profits would be around HK\$8.2 million.

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 share investment portfolio was lower than that of the last year by HK\$2.3 million. After a prolonged period of depreciation in RMB, significant rebound in the exchange rate of RMB/HK\$ emerged in the year under review. Net exchange gains of HK\$7.4 million of this year versus net exchange losses of HK\$4.2 million of the last year was reported. Further, the effective deposit interest rate in Hong Kong had finally picked up the upward trend in the United States. An improvement in interest income for HK\$1.3 million was recorded.

PROSPECTS

It is quite obvious that great market volatility and uncertainties in the global financial markets will emerge every time the United States President Trump announced new political views and economic measures, such as the outbreak of trade war following the impositions of tariff by the United States on European Union, Canada and China and the positions taken in respect of the talk between the United States and North Korea. Another important issue for concern is the interest rate hikes from 2017 onwards. It is expected that the Federal Reserve will raise the interest rate four times in 2018. In China, the Central Government is busy at managing the trade war initiated by the United States. The economic pressures resulted from the trade war should be carefully monitored. The ever changing political environment in the South China Sea is also an important issue to be tackled.

For the year under review, the local economy was expanding. The year-on-year GDP growth was 9.1% in the 1st Quarter of 2018 and the corresponding growth for private consumption expenditure was 8.6%. 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 2018 was 1.9%. Moderate growths were seen both in the imports and total exports. The retail sales had exhibited robust recovery as revealed by the consistent year-on-year growth for more than one year. The local economy and the property market as well will definitely benefit from it. However, the upsurge or escalation in prices of residential units has persisted for quite a long time. Grievances from the general public have cumulated in a strong yearning for increasing the land and housing supplies.

Both the global and local economies will be affected by the turbulence caused by the different political and economic incidents. The local property market in which the Group operates will undoubtedly face the uncertainties. We should be cautious and employ our resources prudently to bring about satisfactory returns to our shareholders.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2018, the Group had less than twenty employees and their remuneration are maintained at competitive levels. Total staff costs (including Directors' remuneration) amounted to HK\$7.3 million (2017: HK\$6.8 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\$480.7 million at 31 March 2018. 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.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain high standards of corporate governance. During the year ended 31 March 2018, save as disclosed in the Company's interim report for the six months ended 30 September 2017 regarding the deviations from the code provisions A.2.1 and A.4.1 of the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), the Company has complied with the code provisions set out in the CG Code.

The Company has adopted the Model Code for Securities Transactions by Directors (the “Model Code”) set out in Appendix 10 to the Listing Rules as its Code of Conduct for dealing in securities of the Company by the Directors. All Directors 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.

The Company has received from each of the Independent Non-executive Directors a written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the Independent Non-executive Directors are independent.

Details of the principal corporate governance practices as adopted by the Company and of the deviations from the code provisions A.2.1 and A.4.1 of the CG Code will be set out in the Corporate Governance Report contained in the Company’s 2018 Annual Report.

AUDIT COMMITTEE

The Audit Committee of the Company has been established since 1998. As at the date hereof, the Audit Committee consists of three Independent Non-executive Directors, namely Messrs Lam Hon Keung, Keith (*Chairman*), Chan Woon Kong and Au-Yang Cheong Yan, Peter and a Non-executive Director, namely Mr. Ng Kwok Tung, with written terms of reference in compliance with the Listing Rules. The Audit Committee of the Company has reviewed the annual results of the Company for the year ended 31 March 2018. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2018 have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

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.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is available for viewing on the respective websites of the Stock Exchange and the Company. The Annual Report of the Company for the year ended 31 March 2018 will be published and dispatched to the shareholders of the Company in late July 2018.

ANNUAL GENERAL MEETING AND RELEVANT NOTICE

It is proposed that the 2018 Annual General Meeting of the Company will be held on Tuesday, 4 September 2018 at 12:00 noon. Notice of the Annual General Meeting of the Company will be published and dispatched to the shareholders of the Company in late July 2018.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 31 August, 2018 to Tuesday, 4 September 2018, both days inclusive, during which period no transfer of shares will be registered. In order to determine the entitlement to attend and vote at the 2018 Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Hongkong Managers and Secretaries Limited at Units 1607-8, 16th Floor, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong not later than 4:00 p.m. on Thursday, 30 August 2018.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Messrs Cheung Kee Wee, Cheung Lin Wee and Cheung Ying Wai, Eric as Executive Directors, Mr. Ng Kwok Tung as Non-executive Director and Messrs Lam Hon Keung, Keith, Chan Woon Kong and Au-Yang Cheong Yan, Peter as Independent Non-executive Directors.

By Order of the Board
Wah Ha Realty Company Limited
Raymond W. M. Chu
Company Secretary

Hong Kong, 26 June 2018