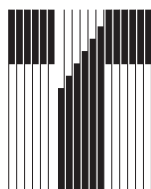


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TERN PROPERTIES COMPANY LIMITED

太興置業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 277)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 HK\$'000	2017 HK\$'000
Turnover	3	81,260	97,273
Property expenses		(2,992)	(1,979)
Gross profit		78,268	95,294
Increase (decrease) in fair value of investment properties		13,592	(102,498)
Realised gain on disposal of available-for-sale financial assets		10,364	1,755
Realised gain on disposal of financial assets at fair value through profit or loss		3,179	–
Unrealised loss on revaluation of financial assets at fair value through profit or loss		(1,029)	–
Dividend income		3,507	2,213
Interest income		45,600	28,744
Other income, gains and losses		3,358	4,894
Administrative expenses		(34,257)	(37,355)
Profit (loss) from operations	5	122,582	(6,953)
Finance costs		(6,496)	(1,679)
Share of results of associates		3,725	(8,716)
Profit (loss) before taxation		119,811	(17,348)
Taxation	6	(9,556)	(11,964)
Profit (loss) for the year attributable to owners of the Company		110,255	(29,312)
Other comprehensive income (expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net gain arising on revaluation of available-for-sale financial assets		5,874	11,138
Release of investment revaluation reserve upon disposal of available-for-sale financial assets		(8,312)	(867)
Other comprehensive (expense) income for the year, net of tax		(2,438)	10,271
Total comprehensive income (expense) for the year attributable to owners of the Company		107,817	(19,041)
Earnings (loss) per share			
Basic and diluted	8	HK35.83 cents	HK(9.52) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2018

	<i>Notes</i>	2018 HK\$'000	2017 HK\$'000
Non-current assets			
Investment properties		2,968,412	2,954,578
Property, plant and equipment		6,368	8,213
Leasehold land		14,922	15,014
Interests in associates		363,174	368,374
Available-for-sale financial assets		604,439	512,320
Deferred rental income		131	165
Deferred tax assets		–	279
		3,957,446	3,858,943
Current assets			
Trade and other receivables	9	16,737	14,833
Available-for-sale financial assets redeemable within one year		80,761	10,269
Financial assets at fair value through profit or loss		22,113	–
Leasehold land – current portion		92	92
Deferred rental income – current portion		422	635
Tax recoverable		4,730	2,282
Pledged bank deposits		1,292	2,729
Bank balances and cash		63,339	33,842
		189,486	64,682
Current liabilities			
Other payables and receipts in advance	10	7,911	10,681
Rental deposits from tenants		23,921	28,106
Tax liabilities		2,800	5,148
Secured bank borrowings – due within one year		82,405	28,037
		117,037	71,972
Net current assets (liabilities)		72,449	(7,290)
Total assets less current liabilities		4,029,895	3,851,653
Non-current liabilities			
Deferred tax liabilities		26,426	25,033
Secured bank borrowings – due after one year		267,614	181,963
		294,040	206,996
Net assets		3,735,855	3,644,657
Capital and reserves			
Share capital		229,386	229,386
Reserves		3,506,469	3,415,271
Total equity		3,735,855	3,644,657

NOTES:

1. GENERAL AND BASIS OF PREPARATION

(a) General information

The financial information relating to the years ended 31 March 2018 and 2017 included in the 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 is as follow:

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 Hong Kong 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 those financial statements of the Group for both years. The auditor's report 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 Hong Kong Companies Ordinance.

(b) Basis of preparation

The financial information presented above and notes thereto are extracted from the Group's consolidated financial statements and presented in accordance with Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Board is responsible for the preparation of the Group's consolidated financial statements. The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards. The consolidated financial statements have been prepared on the historical cost basis except for certain investment properties and financial instruments that are measured at fair values at the end of each reporting period.

The consolidated financial statements have been prepared on a going concern basis.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	Amendments to HKFRS 12 included in Annual Improvement to HKFRSs 2014-2016 Cycle

The application of the above amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective.

HKFRS 9	Financial instruments ¹
HKFRS 15	Revenue from Contracts with Customers and the related Amendments ¹
HKFRS 16	Leases ²
HKFRS 17	Insurance Contracts ⁵
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ²
Amendments to HKFRS 10 & HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle ²
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement ²
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ²
Amendments to HKAS 40	Transfer of Investment Property ¹
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments ²

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

³ Effective date to be determined

⁴ Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

⁵ Effective for annual periods beginning on or after 1 January 2021

3. TURNOVER

Turnover represents the aggregate amounts received and receivable from property rental income.

	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Property rental income	81,260	97,273

4. OPERATING SEGMENTS

The Group's operating activities are attributable to two operating segments under HKFRS 8 "Operating Segments", namely property investment and treasury investment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

For property investment, the segment represents the operations of property investment and property leasing. Discrete financial information is provided to the Board on a property by property basis. Information provided includes net rental income (including gross rental income and property expenses), fair value gains (losses) on investment properties and share of results of associates. Individual properties with similar economic characteristics are aggregated into segments for presentation purposes.

For treasury investment, the segment represents the investment in debt and equity securities. Financial information is provided to the Board on a company-by-company basis. Information provided includes realised gain on disposal of financial assets at fair value through profit or loss ("FVTPL") and available-for-sale ("AFS") financial assets, unrealised loss on revaluation of financial assets at FVTPL and interest income from debt securities.

Segment information

For the year ended 31 March 2018

	Property investment HK\$'000	Treasury investment HK\$'000	Total HK\$'000
Gross rental income	81,260	–	81,260
Property expenses	(2,992)	–	(2,992)
Net rental income	78,268	–	78,268
Increase in fair value of investment properties	13,592	–	13,592
Realised gain on disposal of AFS financial assets	–	10,364	10,364
Realised gain on disposal of financial assets at FVTPL	–	3,179	3,179
Unrealised loss on revaluation of financial assets at FVTPL	–	(1,029)	(1,029)
Dividend income	–	3,507	3,507
Interest income	4	45,596	45,600
Other income, gains and losses	4,549	(1,191)	3,358
Administrative expenses	(29,705)	(4,552)	(34,257)
Profit from operations	66,708	55,874	122,582
Finance costs	–	(6,496)	(6,496)
Share of results of associates	3,725	–	3,725
Profit before taxation	70,433	49,378	119,811
Taxation	(7,317)	(2,239)	(9,556)
Profit for the year	<u>63,116</u>	<u>47,139</u>	<u>110,255</u>
At 31 March 2018			
Segment assets	3,382,313	764,619	4,146,932
Segment liabilities	(59,951)	(351,126)	(411,077)
Net assets	<u>3,322,362</u>	<u>413,493</u>	<u>3,735,855</u>
Other segment information:			
Depreciation and amortisation	2,669	–	2,669
Addition to property, plant and equipment	<u>732</u>	<u>–</u>	<u>732</u>

For the year ended 31 March 2017

	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Gross rental income	97,273	–	97,273
Property expenses	<u>(1,979)</u>	<u>–</u>	<u>(1,979)</u>
Net rental income	95,294	–	95,294
Decrease in fair value of investment properties	(102,498)	–	(102,498)
Realised gain on disposal of AFS financial assets	280	1,475	1,755
Dividend income	–	2,213	2,213
Interest income	1	28,743	28,744
Other income, gains and losses	4,202	692	4,894
Administrative expenses	<u>(32,740)</u>	<u>(4,615)</u>	<u>(37,355)</u>
(Loss) profit from operations	(35,461)	28,508	(6,953)
Finance costs	(40)	(1,639)	(1,679)
Share of results of associates	<u>(8,716)</u>	<u>–</u>	<u>(8,716)</u>
(Loss) profit before taxation	(44,217)	26,869	(17,348)
Taxation	<u>(9,807)</u>	<u>(2,157)</u>	<u>(11,964)</u>
(Loss) profit for the year	<u><u>(54,024)</u></u>	<u><u>24,712</u></u>	<u><u>(29,312)</u></u>
At 31 March 2017			
Segment assets	3,386,105	537,520	3,923,625
Segment liabilities	<u>(64,983)</u>	<u>(213,985)</u>	<u>(278,968)</u>
Net assets	<u><u>3,321,122</u></u>	<u><u>323,535</u></u>	<u><u>3,644,657</u></u>
Other segment information:			
Depreciation and amortisation	2,663	–	2,663
Addition to property, plant and equipment	<u><u>543</u></u>	<u><u>–</u></u>	<u><u>543</u></u>

Over 90% of Group's operations were carried out in Hong Kong and over 90% of the Group's assets were located in Hong Kong. Accordingly, a geographical analysis is not presented.

Information on major customers

Included in revenue arising from rental income of approximately HK\$81.3 million (2017: approximately HK\$97.3 million) are rental income of approximately HK\$8.2 million (2017: approximately HK\$15.7 million) attributable to the Group's largest tenant. No other single customer contributed 10% or more to the Group's revenue for both years ended 31 March 2018 and 2017.

5. PROFIT (LOSS) FROM OPERATIONS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Profit (loss) from operations has been arrived at after charging:		
Staff costs (including directors' emoluments)	23,554	22,134
MPF contributions	261	255
	<hr/>	<hr/>
Total staff costs	23,815	22,389
Auditor's remuneration	460	435
Depreciation of property, plant and equipment	2,577	2,571
Amortisation of leasehold land	92	92
Lease payments under operating leases in respect of rented properties	1,080	1,120
Exchange loss, net	1,011	–
and after crediting:		
Dividend income	3,507	2,213
Gain on disposal of property, plant and equipment	–	29
Exchange gain, net	–	566
Gross rental income from investment properties	81,260	97,273
Less:		
Direct operating expenses from investment properties that generated rental income	(2,238)	(1,555)
Direct operating expenses from investment properties that did not generate rental income	(754)	(424)
	<hr/>	<hr/>
Net rental income	78,268	95,294
	<hr/> <hr/>	<hr/> <hr/>

6. TAXATION

	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Tax expenses attributable to the Company and subsidiaries:		
Hong Kong Profits Tax		
Current year	8,492	11,261
Over-provision in prior years	(625)	(90)
Other jurisdiction		
Under-provision in prior years	<u>17</u>	<u>14</u>
	<u>7,884</u>	<u>11,185</u>
Deferred taxation		
Current year	1,393	1,126
Under (over)-provision in prior years	<u>279</u>	<u>(347)</u>
	<u>1,672</u>	<u>779</u>
Total	<u>9,556</u>	<u>11,964</u>

Hong Kong Profits Tax is calculated at 16.5% (2017: 16.5%) of the estimated assessable profit for the year.

Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

The tax charge for the year can be reconciled to the profit (loss) before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Profit (loss) before taxation	119,811	(17,348)
Tax at the Hong Kong Profits Tax rate of 16.5% (2017:16.5%)	19,769	(2,862)
Tax effect of share of results of associates	(615)	1,438
Tax effect of expenses not deductible for tax purpose	921	23,969
Tax effect of income not taxable for tax purpose	(10,153)	(9,731)
Tax effect of tax losses not recognised	424	–
Over-provision of taxation in respect of prior years	(329)	(423)
Utilisation of tax losses previously not recognised	–	(149)
Tax concession	(437)	(265)
Effect of different tax rates of a subsidiary operating in other jurisdiction	(24)	(13)
Tax charge for the year	9,556	11,964

7. DIVIDENDS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Interim, paid – HK2.2 cents (2017: HK2.2 cents) per share	6,771	6,771
Final, proposed – HK3.2 cents (2017: HK3.2 cents) per share	9,848	9,848
	16,619	16,619

The final dividend of HK3.2 cents (2017: HK3.2 cents) per share has been proposed by the board of directors and is subject to approval by the shareholders at the annual general meeting.

8. EARNINGS (LOSS) PER SHARE

The calculation of earnings (loss) per share is based on the profit for the year attributable to the owners of the Company of HK\$110,255,000 (2017: loss for the year attributable to the owners of the Company of HK\$29,312,000) and on number of 307,758,522 (2017: 307,758,522) ordinary shares in issue during the year.

The Company had no dilutive potential ordinary shares outstanding in both the years ended 31 March 2018 and 2017. Accordingly, diluted earnings (loss) per share is the same as basic earnings (loss) per share.

9. TRADE AND OTHER RECEIVABLES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade receivables	436	592
Other receivables		
Interest receivables	11,992	9,335
Utilities deposits	1,738	2,573
Prepayments	849	890
Management fee receivables	856	1,431
Others	866	12
	<u>16,737</u>	<u>14,833</u>

Included in trade receivables are rental receivables with defined credit policy. Rental income is billed in advance each month. Immediate settlement is expected upon receipt of billing by the tenants.

The following is an aging analysis of rental receivables presented based on the debit note dates.

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
31-60 days	436	439
61-90 days	–	29
Over 90 days	–	124
	<u>436</u>	<u>592</u>

All trade receivables balances are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired.

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
31-60 days	436	439
61-90 days	–	29
Over 90 days	–	124
	<u>436</u>	<u>592</u>

The Group has not provided for the receivables because historical experience indicated that such receivables would be recoverable from the relevant debtors.

10. OTHER PAYABLES AND RECEIPTS IN ADVANCE

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Receipts in advance	3,803	3,801
Other payables		
Accrued interests	388	230
Unclaimed dividend	507	423
Accrued expenses	2,377	6,159
Others	836	68
	<u>7,911</u>	<u>10,681</u>

DIVIDEND

The Board of Directors of the Company has resolved to recommend a final dividend of HK3.2 cents per share for the year ended 31 March 2018. Together with the interim dividend of HK2.2 cents per share that have already been paid, the total dividends for the year will amount to HK5.4 cents per share. The proposed final dividend, subject to approval by the shareholders of the Company at the annual general meeting to be held on Thursday, 16 August 2018, will be payable on Friday, 31 August 2018 to the shareholders on the Register of Members of the Company on Friday, 24 August 2018.

CLOSURE OF REGISTER MEMBERS

To ascertain the entitlement of the shareholders to attend and vote at the 2018 Annual General Meeting, the Register of Members of the Company will be closed from Monday, 13 August 2018 to Thursday, 16 August 2018, both days inclusive, during which period no transfer of shares will be registered by the Company. In order to be eligible to attend and vote at the 2018 Annual General Meeting, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Share Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 10 August 2018.

Subject to the approval of the shareholders at the 2018 Annual General Meeting, the proposed final dividend will be payable to the shareholders whose names appear on the Register of Members of the Company on 24 August 2018. To ascertain the entitlement of the shareholders to the proposed final dividend, the Register of Members of the Company will be closed from Wednesday, 22 August 2018 to Friday, 24 August 2018, both days inclusive, during which period no transfer of shares will be registered by the Company. In order to qualify for the proposed final dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Share Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Tuesday, 21 August 2018.

BUSINESS OUTLOOK

The global economic expansion is expected to continue in 2018 mainly due to U.S. tax cuts, which will boost consumption and investment. The accelerated growth in the U.S. economy will be the key driver of continuous global economic expansion. However, the macroeconomic environment remains uncertain under the impact of global events such as interest rate hikes, uncertainty over Brexit terms, Sino-US trade disputes and the geopolitical situation in the Korean Peninsula. It is likely that such events will continue to unfold in the near future and continue to cast a shadow of economic uncertainty in the long run.

Due to the increasing number of visitors to Hong Kong, overall retail turnover has rebounded as compared with the same period in the previous year, while the recovery of the high-end consumer market may reduce the possibility for substantial downward rental adjustments upon shop lease renewals. As a result of short supply and improved business confidence, it is expected that the leasing market for office buildings will continue to deliver a stable and favourable performance.

The Group will continue to maintain its low debt level and keep a good balance between financial stability and profit growth in order to maximise the return to our shareholders.

FINANCIAL REVIEW

Revenue

The revenue of the Group for the year was HK\$81.3 million (2017: HK\$97.3 million), a decrease of HK\$16.0 million. This was primarily due to most of the Group's commercial shop and office properties recorded a decrease in rental rates upon renewal, although there is a slight increase in the Group's rental portfolio occupancy rate by 1.5% to 97.8% during the year.

Profit attributable to the owners of the Company

Profit attributable to the owners of the Company for the year was HK\$110.3 million (2017: loss of HK\$29.3 million).

The turnaround of the result by recording a profit for the year as compared to a loss in last year was primarily due to:–

- an increase in interest income from Group's long-term available-for-sale financial assets by 58.6%; and
- an increase in fair value of investment properties upon revaluation at the year end.

Earnings per share

Earnings per share for the year ended 31 March 2018 were HK35.83 cents (2017: loss per share HK9.52 cents), an increase of HK45.35 cents from last year. The proposed final dividend of HK3.2 cents (2017: HK3.2 cents) per share will make a total distribution of interim and final dividend of HK5.4 cents (2017: HK5.4 cents) per share for the full year.

LIQUIDITY, BANK BORROWINGS AND FINANCE COSTS

At 31 March 2018, the Group's net current assets including bank deposits, balances and cash of HK\$64.6 million (2017: HK\$36.6 million) amounted to HK\$72.4 million (2017: net current liabilities of HK\$7.3 million), an increase of HK\$70.5 million from last year mainly contributed by an increase of available-for-sale financial assets redeemable within one year.

At 31 March 2018, the Group's banking facilities amounting to HK\$1,000.0 million (2017: HK\$990.0 million) were fully secured by its investment properties, pledged bank deposits and available-for-sale financial assets with an aggregate fair value amounting to HK\$1,821.3 million (2017: HK\$1,455.4 million). At 31 March 2018, HK\$350.0 million was utilised (2017: HK\$210.0 million).

At 31 March 2018, the Group have bank borrowings of HK\$350.0 million (2017: HK\$210.0 million). At 31 March 2018, the total amount of outstanding bank borrowings net of bank balances and cash and pledged bank deposits were HK\$285.4 million. The gearing ratio, which is the ratio of net bank borrowings to shareholders' funds was 7.6%.

Of the total bank borrowings at 31 March 2018, HK\$82.4 million or 23.5% were repayable within one year. HK\$12.6 million or 3.6% were repayable after one year but within two years. HK\$39.2 million or 11.2% were repayable after two years but within five years. HK\$215.8 million or 61.7% were repayable after five years.

The Group's finance costs for the year ended 31 March 2018 were HK\$6.5 million (2017: HK\$1.7 million), an increase of HK\$4.8 million from last year which was resulted from the increase in bank borrowings to finance the purchase of long-term available-for-sale financial assets.

CAPITAL COMMITMENTS

As at 31 March 2018, the Group did not have any capital commitments.

SHAREHOLDERS' FUNDS

At 31 March 2018, the Group's shareholders' funds amounted to HK\$3,735.9 million (2017: HK\$3,644.7 million), a slight increase of 2.5% from last year. The net asset value per share was HK\$12.14 (2017: HK\$11.84). The increase in shareholders' funds was due primarily to the increase in the fair value of the investment properties of the Group upon revaluation at the end of the year.

RISK MANAGEMENT

The Group has established and maintained sufficient risk management procedures to identify and control various types of risk prevailing inside the organisation and the external environment with active management participation and effective internal control procedures for the best interest of the Group and its shareholders.

EMPLOYEES

At 31 March 2018, the total number of staff of the Group was 19 (2017: 18). The total staff costs including Directors' remuneration amounted to HK\$23.8 million (2017: HK\$22.4 million).

The Group reviews staff remuneration packages annually, which is based on individual performance and merit. The benefits including contributions to employee provident funds, medical subsidies and a discretionary bonus. The Group recognises the importance of continuing professional education and development, and subsidies are granted to employees who take job-related courses.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year.

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year ended 31 March 2018, except that the roles of chairman and chief executive are performed by the same individual which is a deviation from code provision A.2.1 of the Code. Please refer to the Company's interim report for the six months ended 30 September 2017 for reasons of the deviation.

REVIEW OF ACCOUNTS BY AUDIT COMMITTEE

The Audit Committee has reviewed the Group's audited annual accounts and annual results for the year ended 31 March 2018 with the Directors.

SUFFICIENCY OF PUBLIC FLOAT

Reference is made to the latest announcement of the Company dated 27 March 2018. The public float of the Company remains below the minimum 25% requirement as required by Rule 8.08(1)(a) of the Listing Rules. To the best knowledge, information and belief of the Directors, as at the date of this announcement, the public float of the Company is approximately 23.44%.

The Company is considering various options to restore its public float. As at the date of this announcement, no concrete proposals for the restoration of public float or timetable have been determined. The Company will make further announcement when the proposal to restore its public float has been finalised.

SCOPE OF WORK OF MESSRS. HLM CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2018 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. HLM CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. HLM CPA Limited 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. HLM CPA Limited on the Preliminary Announcement.

By order of the Board
Chan Hoi Sow
Chairman

Hong Kong, 19 June 2018

As at the date of this announcement, the Board of Directors of the Company comprises seven Directors, of which three are Executive Directors, namely Mr. CHAN Hoi Sow, Mr. CHAN Yan Tin, Andrew and Ms. CHAN Yan Wai, Emily, one is Non-Executive Director, namely Ms. CHAN Yan Mei, Mary-ellen and three are Independent Non-Executive Directors, namely Mr. CHAN Kwok Wai, Mr. TSE Lai Han, Henry and Ms. CHEUNG Chong Wai, Janet.