



華 厦 置 業 有 限 公 司
WAH HA REALTY COMPANY LIMITED

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

**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2015**

The Board of Directors of Wah Ha Realty Company Limited (the “Company”) announces that the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) and its associated companies for the six months ended 30th September 2015, with comparative figures of the previous period, are as follows:

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2015**

	Note	Six months ended 30th September 2015 HK\$	2014 HK\$
Revenues	2	39,163,726	6,606,391
Changes in fair value of investment properties		1,300,000	4,700,000
Net fair value gain/(loss) on financial assets at fair value through profit or loss		50,356	(29,844)
Other (losses)/gains, net	3	(1,755,680)	942,206
Direct outgoings in relation to properties that generate income		(166,091)	(209,514)
Cost of sales of completed properties		(2,574,931)	-
Staff costs		(3,157,064)	(2,943,523)
Other operating expenses		(938,471)	(743,448)
Operating profit		31,921,845	8,322,268
Share of profits less losses of associated companies (including share of fair value gain on investment properties of HK\$18,500,000 (2014: HK\$2,650,000))		35,655,463	14,500,420
Profit before income tax		67,577,308	22,822,688
Income tax (expense)/credit	4	(4,973,201)	12,626
Profit and total comprehensive income attributable to equity holders of the Company		62,604,107	22,835,314
Earnings per share (Basic and diluted)	5	0.52	0.19
Dividends	6	14,515,200	13,305,600

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30TH SEPTEMBER 2015**

	30th September 2015 HK\$	31st March 2015 HK\$
	Note	
ASSETS		
Non-current assets		
Investment properties	74,300,000	73,000,000
Investments in associated companies	772,665,098	751,009,635
Amounts due from associated companies	-	1,577,179
Available-for-sale financial assets	250,448	250,448
Deferred income tax assets	1,307,199	1,094,631
Deposits	7 48,566,980	-
	<u>897,089,725</u>	<u>826,931,893</u>
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Current assets		
Completed properties held for sale	2,968,463	5,243,989
Amounts due from associated companies	34,186,010	34,336,010
Trade and other receivables	7 1,047,649	1,444,076
Tax recoverable	5,110	38,093
Financial assets at fair value through profit or loss	3,199,989	3,149,633
Cash and bank balances	370,046,929	363,545,473
	<u>411,454,150</u>	<u>407,757,274</u>
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Total assets	<u><u>1,308,543,875</u></u>	<u><u>1,234,689,167</u></u>

	30th September	31st March
	2015	2015
Note	HK\$	HK\$
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	78,624,000	78,624,000
Retained profits		
- Interim dividend	14,515,200	-
- Proposed dividends	-	30,240,000
- Others	1,132,892,228	1,084,803,321
	1,147,407,428	1,115,043,321
Total equity	1,226,031,428	1,193,667,321
LIABILITIES		
Current liabilities		
Amounts due to associated companies	72,431,871	36,233,883
Trade and other payables	4,573,736	4,222,438
Tax payable	5,506,840	565,525
Total liabilities	82,512,447	41,021,846
Total equity and liabilities	1,308,543,875	1,234,689,167
Net current assets	328,941,703	366,735,428

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION

This interim financial information for the six months ended 30th September 2015 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31st March 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The accounting policies and methods of computation applied in the preparation of the interim financial information are consistent with those applied in the annual financial statements for the year ended 31st March 2015, except as stated below.

The Group adopted the amended standards to existing standards below, which are relevant to its operations.

Amendment to HKAS 19	Defined Benefit Plans
Amendment to HKFRSs	Annual Improvements 2010 - 2012 Cycle
Amendment to HKFRSs	Annual Improvements 2011 - 2013 Cycle
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date and Transition Disclosures

The Group has assessed the impact of the adoption of these 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 AND SEGMENTAL 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, available-for-sale financial assets, 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 and unpaid dividend.

Revenues represent turnover recognised during the period and comprise the following:

	Six months ended	
	30th September	
	2015	2014
	HK\$	HK\$
Rental income	2,772,682	2,810,097
Sales of completed properties held for sale	33,383,900	-
Management fee income	686,923	668,252
Bank interest income	2,225,806	2,964,005
Dividend income - Listed investments	40,865	39,087
Construction supervision fee income	53,550	124,950
	39,163,726	6,606,391

The segment results for the six months ended 30th September 2015 are as follows:

	Property development, investment and management HK\$	Investments HK\$	Total HK\$
Revenues	<u>36,897,055</u>	<u>2,266,671</u>	<u>39,163,726</u>
Segment results	<u>34,691,022</u>	<u>560,557</u>	<u>35,251,579</u>
Unallocated costs			<u>(3,329,734)</u>
Operating profit			<u>31,921,845</u>
Share of profits less losses of associated companies	35,655,463	-	<u>35,655,463</u>
Profit before income tax			<u>67,577,308</u>
Income tax expense			<u>(4,973,201)</u>
Profit attributable to the equity holders of the Company			<u>62,604,107</u>
Changes in fair value of investment properties	1,300,000	-	<u>1,300,000</u>

The segment assets and liabilities at 30th September 2015 are as follows:

	Property development, investment and management HK\$	Investments HK\$	Total HK\$
Segment assets	160,920,533	373,645,935	534,566,468
Associated companies	772,665,098	-	772,665,098
Unallocated assets			1,312,309
Total assets			<u>1,308,543,875</u>
Segment liabilities	75,979,559	-	75,979,559
Unallocated liabilities			6,532,888
Total liabilities			<u>82,512,447</u>

The segment results for the six months ended 30th September 2014 are as follows:

	Property development, investment and management HK\$	Investments HK\$	Total HK\$
Revenues	3,603,299	3,003,092	6,606,391
Segment results	7,201,224	3,911,943	11,113,167
Unallocated costs			(2,790,899)
Operating profit			8,322,268
Share of profits less losses of associated companies	14,500,420	-	14,500,420
Profit before income tax			22,822,688
Income tax credit			12,626
Profit attributable to the equity holders of the Company			22,835,314
Changes in fair value of investment properties	4,700,000	-	4,700,000

The segment assets and liabilities at 31st March 2015 are as follows:

	Property development, investment and management HK\$	Investments HK\$	Total HK\$
Segment assets	115,118,356	367,428,452	482,546,808
Associated companies	751,009,635	-	751,009,635
Unallocated assets			1,132,724
Total assets			1,234,689,167
Segment liabilities	39,512,399	-	39,512,399
Unallocated liabilities			1,509,447
Total liabilities			41,021,846

3. OTHER (LOSSES) / GAINS, NET

	Six months ended 30th September	
	2015	2014
	HK\$	HK\$
Net exchange (losses)/gains	(1,756,470)	938,695
Sundries	790	3,511
	<u>(1,755,680)</u>	<u>942,206</u>

4. INCOME TAX (EXPENSE) / CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the Group's estimated assessable profit for the period.

	Six months ended 30th September	
	2015	2014
	HK\$	HK\$
Hong Kong profits tax		
Provision for the period	(5,185,769)	(123,663)
Deferred income tax credit	212,568	136,289
	<u>(4,973,201)</u>	<u>12,626</u>

5. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the profit attributable to equity holders of the Company of HK\$62,604,107 (2014: HK\$22,835,314) and on 120,960,000 shares (2014: 120,960,000 shares) in issue during the period. The diluted earnings per share equals to the basic earnings per share since there are no dilutive potential shares in issue during both periods.

6. DIVIDENDS

	Six months ended 30th September	
	2015	2014
	HK\$	HK\$
Interim dividend declared of HK12 cents (2014: HK11 cents) per share	<u>14,515,200</u>	<u>13,305,600</u>

The Board of Directors has resolved to declare an interim dividend of HK12 cents per share for the six months ended 30th September 2015 (2014: HK11 cents) payable on Friday, 8th January 2016 to equity holders whose names appear on the Register of Members of the Company on Thursday, 31st December 2015.

7. TRADE AND OTHER RECEIVABLES

	30th September 2015 HK\$	31st March 2015 HK\$
Non-Current:		
Deposit for acquisition of investment property	48,566,980	-
Current:		
Trade receivables		
Within 3 months	214,093	245,455
Other receivables	735,724	964,965
Prepayments and utility deposits	97,832	233,656
	1,047,649	1,444,076

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). Management fee receivable is normally due for payment upon presentation of debit note at the end of each month.

8. TRADE AND OTHER PAYABLES

	30th September 2015 HK\$	31st March 2015 HK\$
Trade payables		
Within 3 months	78,849	2,500
Other payables	1,725,265	1,622,541
Rental and utility deposits received	1,086,219	1,178,925
Accrued expenses	1,263,403	730,472
Deposit received	420,000	688,000
	4,573,736	4,222,438

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK12 cents per share for the six months ended 30th September 2015 (2014: HK11 cents) payable on Friday, 8th January 2016 to equity holders whose names appear on the Register of Members of the Company on Thursday, 31st December 2015.

CLOSURE OF REGISTER OF MEMBERS

The Transfer Books and Register of Members of the Company will be closed from Wednesday, 23rd December 2015 to Thursday, 31st December 2015, both days inclusive, during which period no transfer of shares will be registered.

To qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, 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 Tuesday, 22nd December 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the period under review, the Group's unaudited profit attributable to equity holders of the Company amounted to HK\$62.6 million, representing an increase of about 174.2% from the corresponding period in 2014. Amongst these, HK\$26.9 million came from the Group and HK\$35.7 million was the contribution from the Group's associated companies. This significant improvement was mainly attributable to the increase in fair value gains from the Group's and its associated companies' investment properties for HK\$12.5 million and the profits realized from the sales of certain properties of the Group and its associated companies for HK\$31.0 million. However, during the period under review, RMB had experienced an obvious depreciation in value. Exchange losses of HK\$1.8 million versus exchange gains of HK\$0.9 million for the last corresponding period was reported. Finally, interest income was HK\$0.7 million lower than that of the last corresponding period.

BUSINESS REVIEW

Property Development, Investment and Management

The recent years' sales of properties led to the loss of rental income in relation thereto. Nevertheless, the Rental Business still performed well. The overall after-tax profit was comparable to that of the last corresponding period.

During the period under review, the Group was able to grasp the opportunities in the property market and a number of sales of properties were reported. First, two subsidiary companies had disposed of 1 industrial unit in Fanling and its interests in 16 industrial units and 13 car parks in Tuen Mun respectively. The aggregate after-tax contributions from these sales were about HK\$25.7 million. Second, two associated companies had disposed of 1 residential unit together with 1 car park in The Peak and 1 industrial unit in Tsing Yi respectively. The after-tax contributions from these disposals were about HK\$5.2 million. There was no sales of properties in the last corresponding period.

Subsequent to the period under review, the previously announced acquisition of a residential property in Stanley for investment purpose was completed. Leasing of this property is now in progress. On the other hand, a subsidiary company disposed of its interest in 2 industrial units in Tuen Mun and the estimated after-tax profit was HK\$1.6 million. Furthermore, an associated company entered into agreements to dispose of 1 industrial unit and 1 car park in Fanling and the estimated Group's share of profit was about HK\$5.7 million.

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

Investments

For the period under review, the after-tax profit from the Group's investment portfolio was similar to the last corresponding period. The deposit interest rates achieved by the Group were however lower than the last corresponding period and the interest income derived was HK\$0.7 million lower than that of the last corresponding period. The Group's net profit was further hampered by the depreciation of RMB. Exchange losses of HK\$1.8 million was recorded whereas exchange gains of HK\$0.9 million was reported for the last corresponding period.

PROSPECTS

For the period under review, the local economy was relatively stable amid the impact from the shrinkage of volume in both the retail sector and exports. The 3rd Quarter GDP and private consumption growths in real term were 2.3% and 4.3% respectively. The seasonally adjusted unemployment rate stood at 3.3%. Inflation was at a relatively low level and the year-on-year change for Composite Consumer Price Index was 2% for the month of September 2015. The total exports on the back of weak economies in Europe and developing countries had marked a negative growth of 4.6% in September 2015.

Globally, the pending interest rate hike in the United States seems to be the most influential factor in the world economy. Although it is difficult to predict the timing and quantum of the US interest rate hike, it is nonetheless a step towards a normal interest rate environment. However, the probable act of the European Union to adopt a greater scale of the quantitative easing measures will bring about completely different fiscal monetary policies. There is also speculation on expanding the quantitative easing measures of Japan in order to sustain economic growth. Undoubtedly, all of these add uncertainties to the global economy.

China has taken various measures so as to sustain a moderate growth of the economy. GDP growth of 7% seems to be a medium term target. The “One Belt, One Road” promoted by China so as to boost economic co-operation with neighbouring countries may bring about opportunities to Hong Kong. Hong Kong, being the largest off-shore Renminbi clearing centre with sound financial system, is well positioned for the new trading and commerce opportunities emerging from the “One Belt, One Road”.

The above global economic events may lead to a new situation and Hong Kong will inevitably be affected. The Group would be patient and cautious to observe the impact of the probable interest rate hike on the industry we operate. It is prudent to reserve sufficient resources to meet the challenges ahead so as to secure sustainable return to our shareholders.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30th September 2015, the Group had less than twenty employees and their remuneration is maintained at competitive levels. Total staff costs (including Directors’ remuneration) amounted to HK\$3.2 million (2014: HK\$2.9 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 subsidies, medical and retirement benefits.

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\$370 million at 30th September 2015. 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.

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

In the opinion of the Directors, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the “Code Provision(s)”) 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”) throughout the six months ended 30th September 2015, except for the following deviations:-

1. Under the Code Provision A.2.1, the roles of the Chairman and Chief Executive Officer (“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 Executive Directors with clear division of responsibilities under the leadership of the Chairman. The Board considers that this arrangement allows contributions from all Executive Directors 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.
2. Under the Code Provision A.4.1, Non-executive Directors should be appointed for a specific term and subject to re-election. All the five Non-executive Directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company (“AGM”) in accordance with Article 99(A) of the Company’s Articles of Association. There are eight Directors including five Non-executive Directors of the Company for the time being. As one-third of them shall retire from office by rotation at each AGM, each of them shall retire at least once every three years.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the six months ended 30th September 2015.

AUDIT COMMITTEE

The Audit Committee consists of the three Independent Non-executive Directors, namely Messrs Lam Hon Keung, Keith (Chairman), Chan Woon Kong and Au-Yang Cheong Yan, Peter and the two Non-executive Directors, namely Messrs John Ho and Ng Kwok Tung. The Group’s interim results for the six months ended 30th September 2015 have been reviewed by the Audit Committee of the Company and by the Company’s Auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has no reservation on the accounting treatments adopted by the Group.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

INTERIM REPORT

The interim report of the Company for the six months ended 30th September 2015 will be published and dispatched to the equity holders of the Company in mid December 2015.

BOARD OF DIRECTORS

As at the date of this announcement, the Board of Directors of the Company comprises Messrs Cheung Kee Wee, Cheung Lin Wee and Cheung Ying Wai, Eric as Executive Directors, Messrs John Ho and Ng Kwok Tung as Non-executive Directors 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
Raymond W M Chu
Company Secretary

Hong Kong, 27th November 2015