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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 31st March 2009

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 31st March 2009, with comparative figures for the previous year, are as follows: -

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31ST MARCH 2009**

	Note	2009 HK\$	2008 HK\$
Revenues	2	10,060,888	18,430,351
Changes in fair value of investment properties		6,370,000	10,180,000
Net fair value losses on financial assets at fair value through profit or loss		(29,083,138)	(3,961,431)
Fair value loss on derivative financial instruments		(8,800,499)	(14,127,000)
Other gains/(losses) - net	4	385,455	(333,303)
Direct outgoings in relation to properties that generate income	5	(1,069,900)	(470,465)
Staff costs	5	(4,213,373)	(3,838,441)
Other operating expenses	5	(1,850,215)	(1,108,989)
Operating (loss)/profit		(28,200,782)	4,770,722
Share of profits less losses of associated companies		32,666,852	65,988,124
Profit before income tax		4,466,070	70,758,846
Income tax credit	6	3,805,246	241,612
Profit attributable to equity holders of the Company		8,271,316	71,000,458
Dividends	7	7,257,600	7,257,600
Basic and diluted earnings per share (HK cents)	8	6.8 cents	58.7 cents

**CONSOLIDATED BALANCE SHEET  
AS AT 31ST MARCH 2009**

	Note	2009 HK\$	2008 HK\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties		50,550,000	44,180,000
Investments in associated companies		261,407,052	239,945,201
Amounts due from associated companies		55,623,929	63,086,205
Available-for-sale financial assets		250,448	250,448
Deferred income tax assets		150,969	152,726
		<u>367,982,398</u>	<u>347,614,580</u>
		-----	-----
<b>Current assets</b>			
Completed properties held for sale		5,674,938	5,723,645
Amounts due from associated companies		51,223,187	44,041,193
Trade and other receivables	9	1,108,336	1,894,993
Tax recoverable		328,193	328,901
Short-term investments		43,162,010	152,014,334
Cash and cash equivalents		213,253,287	138,912,314
		<u>314,749,951</u>	<u>342,915,380</u>
		=====	=====
<b>Total assets</b>		<u>682,732,349</u>	<u>690,529,960</u>
		=====	=====
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital		78,624,000	78,624,000
Retained profits			
- Proposed final dividend		4,838,400	4,838,400
- Others		577,872,991	576,859,275
		<u>661,335,391</u>	<u>660,321,675</u>
<b>Total equity</b>		<u>661,335,391</u>	<u>660,321,675</u>
		-----	-----

	Note	2009 HK\$	2008 HK\$
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		<b>814,037</b>	4,714,006
		-----	-----
<b>Current liabilities</b>			
Amounts due to associated companies		<b>17,962,433</b>	8,250,210
Trade and other payables	10	<b>2,591,083</b>	3,074,576
Derivative financial instruments		-	14,127,000
Tax payable		<b>29,405</b>	42,493
		-----	-----
		<b>20,582,921</b>	25,494,279
		=====	=====
<b>Total liabilities</b>		<b>21,396,958</b>	30,208,285
		=====	=====
<b>Total equity and liabilities</b>		<b>682,732,349</b>	690,529,960
		=====	=====
<b>Net current assets</b>		<b>294,167,030</b>	317,421,101
		=====	=====
<b>Total assets less current liabilities</b>		<b>662,149,428</b>	665,035,681
		=====	=====

## NOTES:

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### **Basis of preparation**

The consolidated financial statements have been prepared in accordance with 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 and financial liabilities (including derivative instruments) at fair value through profit or loss and investment properties which are carried at fair value.

The Group adopted the following amendments to standard issued by HKICPA for the financial year ended 31st March 2009:

HKAS 39 and

HKFRS 7 (Amendment)                      Financial instruments: Recognition and measurement

The adoption of this amendment does not have any significant impact on the Group’s results and financial position or any substantial changes in the Group’s accounting policies and presentation of the financial statements.

#### **Consolidated income statement presentation format**

The Directors continually review the content and presentation of the consolidated financial statements to ensure compliance with relevant accounting standards and regulations, and to consider their relevance and usefulness to users of the financial statements. As a result of this ongoing review, in the current year, the Directors have changed the format of the consolidated income statement from classifying by "function of expenses" to "nature of expenses". Comparative information has been restated using this new format. Management believes this revised presentation will provide users of the financial statements with a better understanding of the Group's business.

## 2. REVENUES/ TURNOVER

	2009 HK\$	2008 HK\$
Rental income		
Investment properties	1,182,163	1,208,823
Other properties	1,567,417	3,439,665
Management fee income	1,145,462	1,149,614
Interest income		
Banks	2,543,391	4,813,363
Unlisted securities	443,290	5,889,955
Financial assets at fair value through profit or loss	518,144	1,130,641
Dividend income		
Listed investments	1,113,549	235,475
Unlisted investments	1,294,072	81,265
Construction supervision fee income	253,400	481,550
	<u>10,060,888</u>	<u>18,430,351</u>

## 3. SEGMENT INFORMATION

The principal activities of the Group include those relating to investment holding, property investment and management. There is no other significant identifiable separate business. In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Segment assets consist primarily of investment properties, short-term investments, receivables and completed properties held for sale and exclude items such as cash and cash equivalents, tax recoverable and deferred income tax assets. Segment liabilities comprise operating liabilities and exclude items such as tax payable and deferred income tax liabilities. In respect of geographical segment reporting, as all of the Group's operations and assets are located in Hong Kong, no geographical segment is presented.

	<b>Property investment and management HK\$</b>	<b>Investments HK\$</b>	<b>Total HK\$</b>
<b>Year ended 31st March 2009</b>			
Revenues	<b>4,148,442</b>	<b>5,912,446</b>	<b>10,060,888</b>
Segment results	<b>8,020,540</b>	<b>(31,818,379)</b>	<b>(23,797,839)</b>
Unallocated costs			<b>(4,402,943)</b>
Operating loss			<b>(28,200,782)</b>
Share of profits less losses of associated companies	<b>32,666,852</b>	-	<b>32,666,852</b>
Profit before income tax			<b>4,466,070</b>
Income tax credit			<b>3,805,246</b>
Profit attributable to equity holders of the Company			<b>8,271,316</b>
Segment assets	<b>164,336,688</b>	<b>43,256,160</b>	<b>207,592,848</b>
Associated companies	<b>261,407,052</b>	-	<b>261,407,052</b>
Unallocated assets			<b>213,732,449</b>
Total assets			<b>682,732,349</b>
Segment liabilities	<b>20,416,516</b>	-	<b>20,416,516</b>
Unallocated liabilities			<b>980,442</b>
Total liabilities			<b>21,396,958</b>
Changes in fair value of investment properties	<b>6,370,000</b>	-	<b>6,370,000</b>

	Property investment and management HK\$	Investments HK\$	Total HK\$
Year ended 31st March 2008			
Revenues	6,279,652	12,150,699	18,430,351
Segment results	14,585,947	(6,430,033)	8,155,914
Unallocated costs			(3,385,192)
Operating profit			4,770,722
Share of profits less losses of associated companies	65,988,124	-	65,988,124
Profit before income tax			70,758,846
Income tax credit			241,612
Profit attributable to equity holders of the Company			71,000,458
Segment assets	158,972,395	152,218,423	311,190,818
Associated companies	239,945,201	-	239,945,201
Unallocated assets			139,393,941
Total assets			690,529,960
Segment liabilities	11,197,609	14,127,000	25,324,609
Unallocated liabilities			4,883,676
Total liabilities			30,208,285
Changes in fair value of investment properties	10,180,000	-	10,180,000

#### 4. OTHER GAINS/(LOSSES) - NET

	2009	2008
	HK\$	HK\$
Net exchange gains/(losses)	152,813	(492,301)
Sundries	232,642	158,998
	<u>385,455</u>	<u>(333,303)</u>

#### 5. EXPENSES BY NATURE

	2009	2008
	HK\$	HK\$
Direct outgoings in relation to properties that generate income		
Investment properties	269,246	127,318
Other properties	751,947	294,440
Amortisation of leasehold land	48,707	48,707
	<u>1,069,900</u>	<u>470,465</u>
Staff costs (including Directors' remuneration)		
Salaries and other emoluments	3,999,602	3,648,315
Contributions to retirement schemes	213,771	190,126
	<u>4,213,373</u>	<u>3,838,441</u>
Other operating expenses		
Auditor's remuneration		
Audit fees	458,230	347,350
Non-audit fees	323,050	121,800
Donation	300,000	-
Others	768,935	639,839
	<u>1,850,215</u>	<u>1,108,989</u>



## 6. INCOME TAX CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 17.5%) on the estimated assessable profit for the year.

	<b>2009</b>	2008
	<b>HK\$</b>	HK\$
Hong Kong profits tax		
Provision for the year	<b>(170,769)</b>	(127,261)
Over-provision in prior years	<b>77,803</b>	-
Deferred income tax	<b>3,898,212</b>	368,873
	<u><b>3,805,246</b></u>	<u>241,612</u>
	<u><b>3,805,246</b></u>	<u>241,612</u>

## 7. DIVIDENDS

	<b>2009</b>	2008
	<b>HK\$</b>	HK\$
Interim dividend paid of HK2 cents		
(2008: HK2 cents) per share	<b>2,419,200</b>	2,419,200
Proposed final dividend of HK4 cents		
(2008: HK4 cents) per share	<b>4,838,400</b>	4,838,400
	<u><b>7,257,600</b></u>	<u>7,257,600</u>
	<u><b>7,257,600</b></u>	<u>7,257,600</u>

At the Board meeting held on Monday, 13th July 2009, the Board of Directors proposed a final dividend of HK4 cents per share. This proposed dividend will be accounted for as an appropriation of retained profits for the year ending 31st March 2010.

## 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.

	<b>2009</b>	2008
	<b>HK\$</b>	HK\$
Profit attributable to equity holders of the Company	<b>8,271,316</b>	71,000,458
Weighted average number of ordinary shares in issue	<b>120,960,000</b>	120,960,000
Basic and diluted earnings per share (HK cents)	<b>6.8 cents</b>	58.7 cents

The Company has no dilutive potential ordinary shares.

## 9. TRADE AND OTHER RECEIVABLES

	<b>2009</b>	2008
	<b>HK\$</b>	HK\$
Trade receivables		
Within 3 months	<b>180,526</b>	215,311
Between 4 and 6 months	<b>46,245</b>	47,729
Over 6 months	<b>481,110</b>	947,482
	<b>707,881</b>	1,210,522
Other receivables	<b>102,072</b>	273,592
Amount due from a related company	-	150,000
Prepayments and utility deposits	<b>298,383</b>	260,879
	<b>1,108,336</b>	1,894,993

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 trade receivables are generally fully covered by the rental deposits from corresponding tenants. Management fee receivable 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 31st March 2009, trade receivables of HK\$707,881 (2008: HK\$1,210,522) were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default.

#### 10. TRADE AND OTHER PAYABLES

	<b>2009</b>	2008
	<b>HK\$</b>	HK\$
Trade payables		
Within 90 days	<b>195</b>	241
Over 90 days	-	10
	<b>195</b>	251
Other payables	<b>845,514</b>	958,204
Amounts due to related companies	<b>28,456</b>	317,513
Rental and utility deposits received	<b>579,398</b>	674,098
Accrued expenses	<b>1,137,520</b>	1,124,510
	<b>2,591,083</b>	3,074,576

The amounts due to related companies are unsecured, interest free and payable on demand.

## **DIVIDENDS**

The Directors recommend the payment of a final dividend of HK4 cents (2008: HK4 cents) per share for the year ended 31st March 2009. Together with the interim dividend of HK2 cents (2008: HK2 cents) per share, total dividends for the year amount to HK6 cents (2008: HK6 cents) per share. Subject to the approval of the shareholders of the Company at the forthcoming annual general meeting, the proposed final dividend of HK4 cents per share will be payable on Monday, 31st August 2009 to the shareholders whose names appear on the Register of Members of the Company on Tuesday, 25th August 2009.

## **CLOSURE OF REGISTER OF MEMBERS**

The Transfer Books and Register of Members of the Company will be closed from Tuesday, 18th August 2009 to Tuesday, 25th August 2009, both days inclusive, during which period no transfer of shares will be registered.

To qualify for the above-mentioned final dividend, all transfers must be lodged with the Company's Registrars, Hongkong Managers and Secretaries Limited at Unit 3401-2, 34th Floor, AIA Tower, 183 Electric Road, North Point, Hong Kong not later than 4:00 p.m. on Monday, 17th August 2009.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL RESULTS**

The Group's revenues for the year ended 31st March 2009 amounted to HK\$10.1 million, representing a decrease of about 45.4% from the previous year. The drastic decrease in interest income of HK\$8.3 million was the main reason of this significant drop in revenues. Another factor was the decrease in rental income of HK\$1.9 million as a result of casual vacancies occurred in the course of finding higher yield tenants. This unfavourable performance was however mitigated by the increase in dividend income of HK\$2.1 million.

For the year under review, the Group's profit attributable to equity holders was HK\$8.3 million (2008: HK\$71.0 million). Earnings per share was HK6.8 cents as compared with HK58.7 cents last year. This substantial decrease was explained by the great drop in the value of the Group's investment properties and the poor performance of the Group's investment portfolio in the current global economic downturn. Fair value losses upon revaluation were unavoidable. Last year, the increase in value of the Group's investment properties had led to an increase in net profit by HK\$40.4 million. However, for the year under review, a corresponding decrease in net profit by HK\$41.1 million was recorded. Even worse was that the Group's investment portfolio suffered from the financial tsunami occurred after the fall of the Lehman Brothers. A greater fair value loss of HK\$17.8 million was reported. All governments around the world had tried to maintain a low interest rate environment so as to facilitate the recovery of economy. Inevitably, the Group's usual benefit of its virtual debt-free position in the past had faded away

and a great drop in interest income by HK\$8.3 million was resulted. Notwithstanding the aforesaid disappointed performance, an increase in dividend income of HK\$2.1 million was recorded. Further, an exchange gain of HK\$0.2 million instead of an exchange loss of HK\$0.5 million last year was reported. Our core property-related businesses had made a positive contribution to the Group's net profit by HK\$0.3 million. Finally, previous provision for deferred taxation was written back by HK\$1.6 million as a result of the reduction of profits tax rate by 1%.

## **BUSINESS REVIEW**

### **Property Investment and Management**

Although a reduction in rental income was recorded as a result of casual vacancies, the performance of the Group's Rental Business was satisfactory.

The Group did not acquire or dispose of any property during the year under review and up to the date of this report whereas a profit of HK\$1.8 million was reported last year.

Following the conversion from Industrial/Godown use to Commercial type, the upgrading works of the 25-storey Horizon Plaza at Ap Lei Chau are still in progress. It is expected to be completed by the last quarter of 2009. Currently, the premises are fully occupied. We expect that better unit rates can be achieved upon the completion of the upgrading works.

For the year under review, the operating environment of the Group's Property Management Business had deteriorated and the contribution of this business towards the Group's net profit was reduced by HK\$0.3 million.

### **Investments**

During the year under review, the global economy had experienced unprecedented challenge. Most central banks, including the US Federal Reserve and the Bank of England, had purposely cut down their respective interest rates. An era of zero interest rate was resulted. The Group could not achieve its previous significant year-on-year improvements on interest income. Instead, a substantial decrease in interest income of HK\$8.3 million was reported.

The Group suffered from the sudden attack by the global financial tsunami, its investment portfolio had experienced a tremendous decrease in value. A greater fair value loss of HK\$17.8 million was reported in the current year.

Notwithstanding the above, there were two mitigating factors, namely the increase of dividend income by HK\$2.1 million and an exchange gain of HK\$0.2 million versus an exchange loss of HK\$0.5 million last year.

## **PROSPECTS**

The extremely volatile global economy last year resulted in adverse effects that were totally unprecedented. To cope with the challenging situation, most central banks, including the US Federal Reserve and the Bank of England, adopted quantitative easing measures to rescue their respective economies. Enormous capitals were injected into financial institutions and/or giant commercial organizations so as to save them from collapse. Zero or low interest rates were maintained intentionally to nurture the recovery of economy. One of the immediate consequences of these measures is the great increase in money supply which may push up asset prices. Super-inflation and bubble economy may be the final products. Although these will pose problems on economy, surge of asset prices in times of inflation may have positive impact on our core property-related businesses.

Hong Kong, being an open economy, suffered from the global severe financial crisis inevitably. All sectors of the local economy were negatively affected. Weakening signs were seen in the local economy after the financial tsunami occurred in late September last year. The 2009 1st Quarter GDP declined by 7.8%. The unemployment rate was 5.3% in the latest quarter. The present situation was even worse than that in the period of SARS. In 2003, the exports of Hong Kong stood at high levels because of the strong demands from the US and Europe. Right now, the global economy is deteriorating. This position was reflected in the persistent decline in the volume of total exports of Hong Kong where a decrease of 20.1% in March 2009 was followed by a decrease of 16.1% in April 2009. The outbreak of the Influenza A (H1N1) adds further pressure on the already fragile economy.

On the other hand, Hong Kong may benefit from the central government's 4 trillion yuan stimulus package and the recent announcement of the expansion of Closer Economic Partnership Arrangement. Besides, Hong Kong's ten infrastructure mega-projects and the construction of The Hong Kong-Zhuhai-Macao Bridge will undoubtedly create business and employment opportunities.

In light of the current volatile market environment, our main concern is to ensure sustainability of business. We shall focus our resources on our core property-related business, maintain stable revenue stream in order to deliver satisfactory return to our shareholders.

## **EMPLOYMENT AND REMUNERATION POLICIES**

As at 31st March 2009, the Group had less than twenty employees and their remuneration are maintained at competitive levels. Total staff costs (including Directors' remuneration) amounted to HK\$4.2 million (2008: HK\$3.8 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 by 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 bank balances amounted to HK\$213.3 million at 31st March 2009. The Board believes that the Group has sufficient financial resources for its operations. The Group has no material exposure to foreign exchange rate fluctuation or material contingent liabilities.

## **CORPORATE GOVERNANCE**

The Company is committed to maintain high standards of corporate governance. During the year ended 31st March 2009, save as disclosed in the Company's interim report for the six months ended 30th September 2008 regarding the deviations from the code provisions A.2.1 and A.4.1 of the Code on Corporate Governance Practices (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 ("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 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 2009 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 the three Independent Non-executive Directors, namely Messrs Lam Hon Keung, Keith (Chairman), Chan Woon Kong and Soo Hung Leung, Lincoln and the two Non-executive Directors, namely Messrs John Ho and Ng Kwok Tung, with written terms of reference in compliance with the Listing Rules. The audit committee has reviewed the Group's annual results for the year ended 31st March 2009 and 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 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 website of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) under "Latest Listed Company Information" and on the website of the Company at [www.wahha.com/e\\_investor\\_anno.asp](http://www.wahha.com/e_investor_anno.asp). The Annual Report of the Company for the year ended 31st March 2009 will be published and dispatched to the shareholders of the Company in late July 2009.

## **ANNUAL GENERAL MEETING AND RELEVANT NOTICE**

It is proposed that the 2009 annual general meeting of the Company will be held on Tuesday, 25th August 2009 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 2009.

## **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 Soo Hung Leung, Lincoln as Independent Non-executive Directors.

By Order of the Board  
**Raymond W. M. Chu**  
Company Secretary

Hong Kong, 13th July 2009