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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 2012

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 2012, with comparative figures for the previous year, are as follows: -

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2012**

	Note	2012 HK\$	2011 HK\$
Revenues	2	10,200,484	10,678,132
Changes in fair value of investment properties		600,000	13,100,000
Gain on disposal of investment properties		-	8,592,373
Net fair value (losses)/gains on financial assets at fair value through profit or loss		(3,464)	11,202,820
Fair value gains on derivative financial instruments		-	576,059
Other gains, net	4	2,344,426	1,478,056
Direct outgoings in relation to properties that generate income	5	(373,979)	(975,958)
Cost of completed properties sold	5	-	(231,750)
Staff costs	5	(4,598,075)	(4,491,490)
Other operating expenses	5	(1,253,380)	(1,162,996)
Operating profit		6,916,012	38,765,246
Share of profits less losses of associated companies		112,973,000	116,730,880
Profit before income tax		119,889,012	155,496,126
Income tax credit/(expense)	6	25,272	(2,044,767)
Profit and total comprehensive income attributable to equity holders of the Company		119,914,284	153,451,359
Dividends	7	42,336,000	42,336,000
Earnings per share (Basic and diluted)	8	0.99	1.27

**CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH 2012**

	Note	2012 HK\$	2011 HK\$
ASSETS			
Non-current assets			
Investment properties		65,400,000	64,800,000
Investments in associated companies		535,261,421	423,493,053
Amounts due from associated companies		14,563,681	41,968,200
Available-for-sale financial assets		250,448	250,448
Deferred income tax assets		739	800
		<u>615,476,289</u>	<u>530,512,501</u>
		-----	-----
Current assets			
Completed properties held for sale		6,524,147	6,524,147
Amounts due from associated companies		48,411,741	40,071,682
Trade and other receivables	9	1,644,161	1,415,056
Tax recoverable		1,593,930	2,832,215
Financial assets at fair value through profit or loss		2,551,799	2,555,263
Cash and bank balances		361,040,631	375,584,483
		<u>421,766,409</u>	<u>428,982,846</u>
		-----	-----
Total assets		<u><u>1,037,242,698</u></u>	<u><u>959,495,347</u></u>
		-----	-----
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		78,624,000	78,624,000
		-----	-----
Retained profits			
- Proposed dividends		30,240,000	36,288,000
- Others		895,040,596	817,462,312
		<u>925,280,596</u>	<u>853,750,312</u>
		-----	-----
Total equity		<u><u>1,003,904,596</u></u>	<u><u>932,374,312</u></u>
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	Note	2012 HK\$	2011 HK\$
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		9,917,742	10,092,550
		-----	-----
Current liabilities			
Amounts due to associated companies		20,376,052	14,187,367
Trade and other payables	10	3,021,251	2,682,020
Tax payable		23,057	159,098
		-----	-----
		23,420,360	17,028,485
		=====	=====
Total liabilities		33,338,102	27,121,035
		=====	=====
Total equity and liabilities		1,037,242,698	959,495,347
		=====	=====
Net current assets		398,346,049	411,954,361
		=====	=====
Total assets less current liabilities		1,013,822,338	942,466,862
		=====	=====

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. 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 new/revised accounting standards, amendments and interpretations of HKFRS below, which are relevant to its operations.

HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendment)	Presentation – Classification of Right Issues
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments
Annual Improvement Project	Improvements to HKFRSs 2010

The Group has assessed the impact of the adoption of these revised standards, amendments and interpretations and considered that there was 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 statements.

2. REVENUES

	2012 HK\$	2011 HK\$
Rental income		
Investment properties	629,333	903,016
Other properties	3,306,405	3,115,466
Sale of completed properties held for sale	-	1,094,000
Management fee income	1,266,432	1,138,115
Bank interest income	4,511,453	1,718,014
Dividend income - Listed investments	57,061	2,325,921
Construction supervision fee income	429,800	383,600
	<u>10,200,484</u>	<u>10,678,132</u>

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

	Property development, investment and management HK\$	Investments HK\$	Total HK\$
Year ended 31st March 2012			
Revenues	5,631,970	4,568,514	10,200,484
Segment results	4,209,789	6,883,121	11,092,910
Unallocated costs			(4,176,898)
Operating profit			6,916,012
Share of profits less losses of associated companies	112,973,000	-	112,973,000
Profit before income tax			119,889,012
Income tax credit			25,272
Profit attributable to equity holders of the Company			119,914,284
Segment assets	135,944,458	3,401,519	139,345,977
Associated companies	535,261,421	-	535,261,421
Unallocated assets			362,635,300
Total assets			1,037,242,698
Segment liabilities	22,945,653	-	22,945,653
Unallocated liabilities			10,392,449
Total liabilities			33,338,102
Changes in fair value of investment properties	600,000	-	600,000

	Property development, investment and management HK\$	Investments HK\$	Total HK\$
Year ended 31st March 2011			
Revenues	6,634,197	4,043,935	10,678,132
Segment results	25,608,334	17,297,608	42,905,942
Unallocated costs			(4,140,696)
Operating profit			38,765,246
Share of profits less losses of associated companies	116,730,880	-	116,730,880
Profit before income tax			155,496,126
Income tax expense			(2,044,767)
Profit attributable to equity holders of the Company			153,451,359
Segment assets	154,380,355	3,204,441	157,584,796
Associated companies	423,493,053	-	423,493,053
Unallocated assets			378,417,498
Total assets			959,495,347
Segment liabilities	16,614,041	-	16,614,041
Unallocated liabilities			10,506,994
Total liabilities			27,121,035
Changes in fair value of investment properties	13,100,000	-	13,100,000

4. OTHER GAINS, NET

	2012 HK\$	2011 HK\$
Net exchange gains	2,318,074	1,474,795
Loss on disposal of an associated company	(3)	-
Sundries	26,355	3,261
	<u>2,344,426</u>	<u>1,478,056</u>

5. EXPENSES BY NATURE

	2012 HK\$	2011 HK\$
Direct outgoings in relation to properties that generate income		
Investment properties	170,635	781,864
Other properties	203,344	194,094
	<u>373,979</u>	<u>975,958</u>
Cost of completed properties sold	-	231,750
Staff costs (including Directors' remuneration)		
Salaries and other emoluments	4,349,336	4,259,090
Contributions to retirement schemes	248,739	232,400
	<u>4,598,075</u>	<u>4,491,490</u>
Other operating expenses		
Auditor's remuneration		
Audit fees	423,880	439,000
Non-audit fees	158,900	148,500
Others	670,600	575,496
	<u>1,253,380</u>	<u>1,162,996</u>

6. INCOME TAX CREDIT / (EXPENSE)

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit for the year.

	2012 HK\$	2011 HK\$
Hong Kong profits tax		
Provision for the year	(149,477)	(567,407)
Over-provision in prior years	2	-
Deferred income tax	174,747	(1,477,360)
	<u>25,272</u>	<u>(2,044,767)</u>

7. DIVIDENDS

	2012 HK\$	2011 HK\$
Interim dividend paid of HK10 cents (2011: HK5 cents) per share	12,096,000	6,048,000
Proposed final dividend of HK10 cents (2011: HK8 cents) per share	12,096,000	9,676,800
Proposed special dividend of HK15 cents (2011: HK22 cents) per share	18,144,000	26,611,200
	<u>42,336,000</u>	<u>42,336,000</u>

At the Board meeting held on Thursday, 28th June 2012, the Board of Directors proposed a final dividend of HK10 cents per share and a special dividend of HK15 cents per share. These proposed dividends will be accounted for as an appropriation of retained profits for the year ending 31st March 2013.

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.

	2012 HK\$	2011 HK\$
Profit attributable to equity holders of the Company	119,914,284	153,451,359
Weighted average number of ordinary shares in issue	120,960,000	120,960,000
Earnings per share (Basic and diluted)	0.99	1.27

The Company has no dilutive potential ordinary shares.

9. TRADE AND OTHER RECEIVABLES

	2012 HK\$	2011 HK\$
Trade receivables		
Within 3 months	587,211	565,134
Other receivables	864,905	662,489
Prepayments and utility deposits	192,045	187,433
	1,644,161	1,415,056

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 2012, trade receivables of HK\$237,211 (2011: HK\$335,134) 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 31st March 2012, there are no trade receivables of the Group individually determined to be impaired (2011: nil).

10. TRADE AND OTHER PAYABLES

	2012	2011
	HK\$	HK\$
Trade payables		
Within 90 days	37,631	379
Other payables	1,234,485	1,022,524
Rental and utility deposits received	919,293	898,736
Accrued expenses	829,842	760,381
	<hr/>	<hr/>
	3,021,251	2,682,020
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DIVIDENDS

The Directors recommend the payment of a final dividend of HK10 cents (2011: HK8 cents) per share and a special dividend of HK15 cents (2011: HK22 cents) per share for the year ended 31st March 2012. Together with the interim dividend of HK10 cents (2011: HK5 cents) per share, total dividends for the year amount to HK35 cents (2011: HK35 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 HK25 cents per share will be payable on Friday, 21st September 2012 to the shareholders whose names appear on the Register of Members of the Company on Monday, 17th September 2012.

CLOSURE OF REGISTER OF MEMBERS

The Transfer Books and Register of Members of the Company will be closed from Tuesday, 11th September 2012 to Monday, 17th September 2012, 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 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, 10th September 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Group's revenues for the year ended 31st March 2012 amounted to HK\$10.2 million, a decrease of about 4.5% from the previous year. This slight decrease was caused by the decrease in dividend income for HK\$2.3 million following the disposals of the majority of its listed investments last year and the lack of sales of properties held for sale this year (2011: HK\$1.1 million) which were nevertheless offset substantially by the increase in interest income for HK\$2.8 million.

For the year under review, the Group's profit attributable to equity holders was HK\$119.9 million (2011: HK\$153.5 million). Earnings per share was HK\$0.99 as compared with HK\$1.27 last year. Last year, the Group had disposed of the majority of its listed investments. The resulting after-tax gains of HK\$9.6 million no longer existed. The related dividend income from listed investments also dropped significantly for HK\$2.3 million. Further, the Group had recorded a loss of HK\$2.7 million (2011: after-tax profit of HK\$19.6 million) from the sales of the Group and its associated companies' properties. Finally, we still recorded a net increase in the value of the Group's investment properties but the magnitude of this increase was HK\$4.7 million lower than that of last year. The mitigating factors were the improvements in rental business, increases in interest income and exchange gains for HK\$1.9 million, HK\$2.8 million and HK\$0.8 million respectively.

BUSINESS REVIEW

Property Development, Investment and Management

During the year under review, the contribution of the Group's Rental Business to net profit was HK\$1.9 million higher than that of last year which was largely explained by the improving unit rate.

During the year under review, an associated company had disposed of four residential units in Fanling at prices below carrying values. The Group's share of loss from these disposals was HK\$2.7 million. Subsequently, the Group had disposed of its entire interests in this associated company.

For the year under review, another associated company had acquired 17 residential units in Yau Ma Tei.

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

For the year under review, the operating environment of the Group's Property Management Business was more challenging after the introduction of minimum wage in May 2011. Recently, the consultation on the level of minimum wage has just been conducted. The performance of this business was comparable to that of last year after the concerted efforts of our colleagues.

Investments

During the year under review, the Group did not acquire or dispose of any listed investment. Therefore, the related profit on sales of listed investment no longer existed and dividend income was minimal whereas a total after-tax profit of HK\$12.2 million was reported last year.

The interest rates were still at low levels. It seemed that there was no or insignificant room for further reduction. In fact, the interest rates realized by the Group went up during the year under review. The interest income was HK\$2.8 million greater than that of last year.

PROSPECTS

For the year under review, although the local economic fundamentals remained sound, there were weakening signs towards the end of the year. The year-on-year GDP growth slowed down from 5.4% in the 2nd Quarter 2011 to 0.4% in the 1st Quarter 2012. In view of this obvious trend, the Hong Kong Government had revised down its 2012 forecast of GDP growth to 1% - 3%. The adverse impact posed by the high degree of uncertainty in global economy was reflected in the year-on-year change in the volume of total exports of goods for March 2012. A decrease of 11.1% was reported. It seemed that the unfavourable export figures had not yet spread over to other sectors of the local economy. The 1st Quarter 2012 private consumption expenditure grew by 5.6% which was moderating from 6.6% in the 4th Quarter 2011. The seasonally adjusted unemployment rate was 3.2% in the latest quarter, indicating an almost full employment position. The nominal labour wages grew by 9.4% in 2011, possibly due to the introduction of minimum wage in May 2011. The inflationary pressure was also eased as reflected by the Consumer Price Index having dropped from the highest of 7.9% in July 2011 to 4.7% in April 2012.

Following the downgrade of the sovereignty credit rating, there have once been signs of better than expected recovery in United States. The Federal Reserve has the intention of keeping the current low interest rates until late 2014 and operation twist will be in force until the end of 2012. The unemployment rate dropped from the higher than 9% to the current 8.2%. However, the foundation of this improvement was not solid. There are voices from the market that the Federal Reserve should carry out another round of quantitative easing measures to boost the economic recovery. The lingering sovereignty debt crisis in the Eurozone has caused the changes in ruling parties in certain EU countries, such as Spain, France and Greece. The strategy advocated by Germany is challenged by the new ruling parties in these EU countries. The end result may be a more expansionary monetary policy which may lead to a better economic growth but greater national debts. Again, it is cautious that asset bubbles may be caused by the flooding of liquidity as a result of the quantitative easing measures adopted by the United States and Eurozone countries.

China recorded a 9.2% GDP growth last year. However, the exports to the United States and Europe are adversely affected by their respective weak economies. For the first time in eight years, the Central Government has announced the future economic growth forecast of below 8%. The economic growth will shift from driven by export and investment to domestic demand oriented. In order to provide a solid base for economic growth, The People's Bank of China has taken a series of steps including lowering the banks' reserve requirements and interest rates to face this unfavourable position. There are opinions that the Central Government's acts may help in stabilizing the global economy.

Hong Kong is not immune from the increasing external uncertainties. Similar to China, its exports showed a negative growth. However, the record high visitor arrivals of 41.9 million in 2011 fuelled up the robust growth in retail sector. In order to reap the economic benefit of China, many companies including international branded retailers tend to expand their presence or seek initial public offerings in Hong Kong which is in close proximity to China. These are witnessed by the growing demand for retailing and office spaces. The Hong Kong Government's efforts of introducing the Special Stamp Duty, increasing the interest margin for mortgage loans, lowering the mortgage loan-to-value ratio, ensuring greater land supply and promoting more transparent property transactions are conducive to the development of a sustainable property market. Moreover, the promulgation of exchange arrangements for Foreign Direct Investments and Renminbi Qualified Foreign Institutional Investor further strengthens Hong Kong's position as an international financial centre.

To face the ever changing external uncertainties and opportunities emerged from the Hong Kong's unique position in Asia, we shall leverage on our virtually debt-free position and act prudently so as to deliver stable returns to our shareholders.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31st March 2012, the Group had less than twenty employees and their remuneration are maintained at competitive levels. Total staff costs (including Directors' remuneration) amounted to HK\$4.6 million (2011: HK\$4.5 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 cash equivalents amounted to HK\$82.9 million at 31st March 2012. 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 31st March 2012, save as disclosed in the Company's interim report for the six months ended 30th September 2011 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 2012 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 2012 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 respective websites of the Stock Exchange and the Company. The Annual Report of the Company for the year ended 31st March 2012 will be published and dispatched to the shareholders of the Company in late July 2012.

ANNUAL GENERAL MEETING AND RELEVANT NOTICE

It is proposed that the 2012 Annual General Meeting of the Company will be held on Wednesday, 5th September 2012 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 2012.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 31st August, 2012 to Wednesday, 5th September 2012, 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 2012 Annual General Meeting, all transfers accompanied by the relevant share certificates 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 Thursday, 30th August 2012.

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, 28th June 2012