



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

ANNUAL RESULTS ANNOUNCEMENT

For the year ended 31st March 2008

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 2008, with comparative figures for the previous year, are as follows: -

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2008**

	Note	2008 HK\$	2007 HK\$
Revenues	2	18,430,351	20,286,039
Direct costs	5	(470,465)	(1,182,587)
Gross profit		17,959,886	19,103,452
Changes in fair value of investment properties		10,180,000	4,500,000
Administrative expenses	5	(4,947,430)	(4,922,263)
Other (losses)/gains - net	4	(18,421,734)	2,745,781
Operating profit		4,770,722	21,426,970
Share of profits less losses of associated companies		65,988,124	28,895,429
Profit before income tax		70,758,846	50,322,399
Income tax credit/(expense)	6	241,612	(1,790,928)
Profit attributable to equity holders of the Company		71,000,458	48,531,471
Dividends	7	7,257,600	4,838,400
Basic and diluted earnings per share (HK cents)	8	58.7 cents	40.1 cents

**CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH 2008**

	Note	2008 HK\$	2007 HK\$
ASSETS			
Non-current assets			
Investment properties		44,180,000	34,000,000
Investments in associated companies		217,445,201	151,457,076
Amounts due from associated companies		85,586,205	92,154,479
Available-for-sale financial assets		250,448	250,448
Deferred income tax assets		152,726	165,948
		347,614,580	278,027,951
Current assets			
Properties held for sale		5,723,645	5,772,352
Amounts due from associated companies		44,041,193	48,657,193
Trade and other receivables	9	1,894,993	2,133,722
Tax recoverable		328,901	20,043
Short-term investments		152,014,334	226,011,018
Cash and cash equivalents		138,912,314	140,324,752
		342,915,380	422,919,080
Total assets		690,529,960	700,947,031
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		78,624,000	78,624,000
Retained profits			
- Proposed final dividend		4,838,400	4,838,400
- Others		576,859,275	513,116,417
Total equity		660,321,675	596,578,817

	Note	2008 HK\$	2007 HK\$
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		4,714,006	5,096,101
Current liabilities			
Amounts due to associated companies		8,250,210	21,327,833
Trade and other payables	10	3,074,576	77,597,101
Derivative financial instrument		14,127,000	-
Tax payable		42,493	347,179
		<u>25,494,279</u>	<u>99,272,113</u>
Total liabilities		<u>30,208,285</u>	<u>104,368,214</u>
Total equity and liabilities		<u>690,529,960</u>	<u>700,947,031</u>
Net current assets		<u>317,421,101</u>	<u>323,646,967</u>
Total assets less current liabilities		<u>665,035,681</u>	<u>601,674,918</u>

NOTES:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) 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 instrument) at fair value through profit or loss and investment properties which are carried at fair value.

The Group adopted the following new standard, amendment to standard and interpretations of HKFRS issued by HKICPA for the financial year ended 31st March 2008:

HKAS 1 Amendment	Presentation of Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The Group has assessed the impact of the adoption of these new standard, amendment 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, whereas the adoption of HKFRS 7 and amendment to HKAS 1 introduces new disclosures relating to financial instruments and capital management. There is no impact on the classification and valuation of the Group's financial instruments.

(b) Standard and amendments to existing standards which are not yet effective

The following new standard and amendments to existing standards have been issued and are relevant to the Group's operations and consolidated financial statements but are not effective for the current year and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 1 (Revised)	Presentation of Financial Statements	1st January 2009
HKAS 23 (Revised)	Borrowing Costs	1st January 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1st July 2009
HKFRS 3 (Revised)	Business Combinations	1st July 2009
HKFRS 8	Operating Segments	1st January 2009

The Group has already commenced an assessment of the impact of adopting the above new standard and amendments but is not yet in a position to state whether there will be substantial changes to the Group's principal accounting policies and presentation of the consolidated financial statements.

2. REVENUES / TURNOVER

	2008 HK\$	2007 HK\$
Rental income		
Investment properties	1,208,823	1,171,184
Other properties	3,439,665	3,584,521
Sales of properties	-	2,260,000
Management fee income	1,149,614	1,275,914
Interest income		
Banks	4,813,363	4,626,462
Unlisted held-to-maturity securities	5,889,955	5,597,757
Financial assets at fair value through profit or loss	1,130,641	1,127,736
Dividend income		
Listed investments	235,475	159,942
Unlisted investments	81,265	219,773
Construction supervision fee income	481,550	262,750
	<u>18,430,351</u>	<u>20,286,039</u>

3. SEGMENT INFORMATION

The principal activities of the Group include those relating to investment holding, property development and investment, property management and building contractor. 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, associated companies, short-term investments, receivables and 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.

	Property investment, development and management and building contractor 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	398,917,596	152,218,423	551,136,019
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

	Property investment, development and management and building contractor HK\$	Investments HK\$	Total HK\$
Year ended 31st March 2007			
Revenues	8,554,369	11,731,670	20,286,039
Segment results	10,393,064	14,432,480	24,825,544
Unallocated costs			(3,398,574)
Operating profit			21,426,970
Share of profits less losses of associated companies	28,895,429	-	28,895,429
Profit before income tax			50,322,399
Income tax expense			(1,790,928)
Profit attributable to equity holders of the Company			48,531,471
Segment assets	334,061,997	226,374,291	560,436,288
Unallocated assets			140,510,743
Total assets			700,947,031
Segment liabilities	24,037,481	74,784,199	98,821,680
Unallocated liabilities			5,546,534
Total liabilities			104,368,214

4. OTHER (LOSSES) / GAINS - NET

	2008 HK\$	2007 HK\$
Net fair value (losses)/gains on financial assets at fair value through profit or loss	(3,961,431)	1,920,065
Fair value loss on derivative financial instrument	(14,127,000)	-
Net exchange (losses)/gains	(492,301)	780,745
Sundries	158,998	44,971
	<u>(18,421,734)</u>	<u>2,745,781</u>

5. EXPENSES BY NATURE

	2008 HK\$	2007 HK\$
Direct expenses arising from properties that generate income		
Investment properties	127,318	201,165
Other properties	294,440	554,226
Cost of properties sold	-	377,815
Staff costs (including Directors' remuneration)		
Salaries and other emoluments	3,648,315	3,582,215
Contributions to retirement benefits schemes	190,126	183,092
Auditor's remuneration	469,150	385,539
Amortisation of leasehold land	48,707	49,381
Others	639,839	771,417
Total direct costs and administrative expenses	<u>5,417,895</u>	<u>6,104,850</u>

6. INCOME TAX CREDIT / (EXPENSE)

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) on the estimated assessable profit for the year.

	2008	2007
	HK\$	HK\$
Current income tax		
Hong Kong profits tax	(127,261)	(1,023,889)
Deferred income tax	368,873	(767,039)
	<u>241,612</u>	<u>(1,790,928)</u>
	<u><u>241,612</u></u>	<u><u>(1,790,928)</u></u>

7. DIVIDENDS

	2008	2007
	HK\$	HK\$
Interim dividend paid of HK2 cents (2007: nil) per share	2,419,200	-
Proposed final dividend of HK4 cents (2007: HK4 cents) per share	4,838,400	4,838,400
	<u>7,257,600</u>	<u>4,838,400</u>
	<u><u>7,257,600</u></u>	<u><u>4,838,400</u></u>

At the Board meeting held on 11th July 2008, 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 2009.

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.

	2008 HK\$	2007 HK\$
Profit attributable to equity holders of the Company	71,000,458	48,531,471
Weighted average number of ordinary shares in issue	120,960,000	120,960,000
Basic and diluted earnings per share (HK cents)	58.7 cents	40.1 cents

The Company has no dilutive potential ordinary shares.

9. TRADE AND OTHER RECEIVABLES

	2008 HK\$	2007 HK\$
Trade receivables		
Within 3 months	215,311	208,397
Between 4 and 6 months	47,729	50,912
Over 6 months	947,482	1,185,566
	1,210,522	1,444,875
Other receivables	273,592	506,171
Amounts due from a related company	150,000	-
Prepayments and utility deposits	260,879	182,676
	1,894,993	2,133,722

Note:

- (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 2008, trade receivables of HK\$1,210,522 (2007: HK\$1,444,875) 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

	2008	2007
	HK\$	HK\$
Trade payables		
Within 90 days	241	958
Over 90 days	10	10
	251	968
Payable for purchase of investments	-	74,784,199
Other payables	958,204	767,841
Amounts due to related companies	317,513	171,285
Rental and utility deposits received	674,098	977,213
Accrued expenses	1,124,510	895,595
	3,074,576	77,597,101

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 (2007: HK4 cents) per share for the year ended 31st March 2008. Together with the interim dividend of HK2 cents (2007: nil) per share, total dividends for the year amount to HK6 cents (2007: HK4 cents) per share. Subject to the approval of the shareholders at the forthcoming annual general meeting, the proposed final dividend of HK4 cents per share will be payable on Friday, 29th August 2008 to the shareholders whose names appear on the Register of Members of the Company on Friday, 22nd August 2008.

CLOSURE OF REGISTER OF MEMBERS

The Transfer Books and Register of Members of the Company will be closed from Friday, 15th August 2008 to Friday, 22nd August 2008, 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 Thursday, 14th August 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Group's turnover for the year ended 31st March 2008 amounted to HK\$18.4 million, representing a decrease of about 9.1% from the previous year. This moderate decrease was mainly due to the lack of sales of properties in the current year in comparison to the HK\$2.2 million of property sales reported last year. On the other hand, although the benefits from our virtually debt-free position had diminished, the Group still recorded a slight improvement of interest income of HK\$0.5 million.

For the year under review, the Group's profit attributable to equity holders was HK\$71.0 million (2007: HK\$48.5 million). Earnings per share was HK58.7 cents as compared with HK40.1 cents last year. This significant increase was attributable to the great increase in fair value gains on the Group's and its associated companies' investment properties net of related deferred taxation of HK\$40.5 million. The after-tax profits from sale of properties was however HK\$2.3 million lower than that of last year. Although a better profit from sales of investments was recorded, the Group's investment portfolio suffered from tremendous decrease in value at the year end. The aggregate of these two elements resulted in a reduction of net profit of HK\$17.6 million.

BUSINESS REVIEW

Property Investment, Development, Management and Building Contractor

Performance of our Rental Business was satisfactory and the net profit increased by HK\$2.3 million.

During the year under review, a 50% owned associated company had disposed of a piece of agricultural land at Yuen Long and the Group's share of profit from this was HK\$1.8 million. Apart from this, the Group did not acquire or dispose of any property during the year under review and up to the date of this report.

Similar to last year, the 25-storey Horizon Plaza at Ap Lei Chau held by an associated company is currently fully occupied and rented out with satisfactory returns. Following the conversion from Industrial/Godown use to Commercial type, we are now in the process of upgrading the premises so as to enhance its rental values and we are optimistic that better rental yields can be achieved.

For the year under review, the turnover and profit of the Group's Property Management Business was comparable to last year.

After the adoption of a more flexible approach in managing the manpower, improvement was seen in the Building Contractor Business whose turnover increased by HK\$0.2 million and the resulting loss was HK\$0.3 million less than that of last year. Notwithstanding this favourable result, the Group would observe and closely monitor the performance of this business.

Investments

During the year under review, the US Federal Reserve had cut interest rates several times. Such expansionary monetary policy adversely affected the Group's Investments Business. The past significant year-on-year improvements on interest income as a result of its virtually debt-free position no longer existed. A slight increase in interest income of HK\$0.5 million was reported in the current year.

The abnormal volatility of the worldwide financial markets since early 2008 had adversely affected the value of the Group's investment portfolio. Notwithstanding a better result had been obtained from sale of certain short term investments, the Group's investment portfolio had experienced a substantial decrease in value. The aggregate of these elements net of tax had dragged down the net profit by HK\$17.6 million. Furthermore, an exchange loss of HK\$0.5 million versus exchange gain of HK\$0.8 million last year was reported.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31st March 2008, the Group had less than twenty employees and their remuneration are maintained at competitive levels. Total staff costs (including Directors' remuneration) amounted to HK\$3.8 million (2007: 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\$138.9 million at 31st March 2008. 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.

PROSPECTS

From a global perspective, record high international oil prices and soaring food prices have increased worries of inflationary risks. In addition, the subprime mortgage crises has led to a global tightening of credit, coupled with concerns of a possible US recession. In response to such circumstances, the US Federal Reserve has, as mentioned, lowered interest rates several times. However, in light of inflationary pressures, many more further interest rate cuts are unlikely.

Regional economic prospects, however, remain positive. China's economy continues to be robust. Main concerns now are speculative behaviours and inflation. The central government has implemented a series of macroeconomic measures to curb inflationary pressures on the market.

The local economy continued to maintain its robust pace throughout the year. The unemployment rate stood at 3.3% in the latest quarter which is the lowest since the Asian financial turmoil. The 2008 1st Quarter GDP was reported at a year-on-year increase of 7.1%. These favourable economic conditions will inevitably increase private income and stimulate consumption. Moreover, the inflationary pressure as reflected in the recently published Composite Consumer Price Index of 5.7% will add further momentum to property value. The Group's core businesses will similarly benefit from the higher rental and capital value.

The great turbulence in the worldwide financial markets triggered by the US subprime crises and the resulting liquidity problem has led to slumps in stock markets and great volatility in foreign exchange markets. We will continue to be cautious towards the likelihood of similar turbulence.

In light of the above factors, we shall focus our resources on our core property-related business and continue to strive to bring satisfactory return to our shareholders.

CORPORATE GOVERNANCE

The Company is committed to maintain high standards of corporate governance. During the year ended 31st March 2008, save as disclosed in the Company's interim report for the six months ended 30th September 2007 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 2008 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 2008 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 under "Latest Listed Company Information" and on the website of the Company at www.wahha.com/e_investor_anno.asp. The Annual Report of the Company for the year ended 31st March 2008 will be published and dispatched to the shareholders of the Company in late July 2008.

ANNUAL GENERAL MEETING AND RELEVANT NOTICE

It is proposed that the 2008 annual general meeting of the Company will be held on Friday, 22nd August 2008 at 12:00 noon. Notice of the annual general meeting will be published and dispatched to the shareholders of the Company in late July 2008.

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, 11th July 2008