



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 2009

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 2009, with comparative figures of the previous period, are as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2009

		Six months ended	
		30th September	
		2009	2008
		HK\$	HK\$
	Note		
Revenues	2	5,120,851	6,038,880
Changes in fair value of investment properties		6,650,000	6,620,000
Net fair value gains/(losses) on financial assets at fair value through profit or loss		38,222,512	(27,854,875)
Fair value gains on derivative financial instruments		1,830,946	2,933,953
Other (losses)/gains – net	4	(3,391)	346,289
Direct outgoings in relation to properties that generate income	3	(298,661)	(286,699)
Staff costs		(1,921,829)	(1,926,321)
Other operating expenses		(611,244)	(1,252,314)
Operating profit/(loss)		48,989,184	(15,381,087)
Share of profits less losses of associated companies (including share of fair value gain on investment properties net of related tax of HK\$23,301,769 (2008:HK\$24,225,904))		33,717,721	35,509,321
Profit before income tax		82,706,905	20,128,234
Income tax (expense)/credit	5	(7,145,848)	1,729,156
Profit attributable to equity holders of the Company		75,561,057	21,857,390
Total comprehensive income attributable to equity holders of the Company		75,561,057	21,857,390
Earnings per share (Basic and diluted)	6	62.5 cents	18.1 cents
Dividends	7	3,628,800	2,419,200

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30TH SEPTEMBER 2009**

	Note	30th September 2009 HK\$	31st March 2009 HK\$
ASSETS			
Non-current assets			
Investment properties		57,200,000	50,550,000
Investments in associated companies		295,124,773	261,407,052
Amounts due from associated companies		52,507,929	55,623,929
Available-for-sale financial assets		250,448	250,448
Deferred income tax assets		154,454	150,969
		<u>405,237,604</u>	<u>367,982,398</u>
Current assets			
Completed properties held for sale		5,650,584	5,674,938
Amounts due from associated companies		46,784,187	51,223,187
Trade and other receivables	8	1,421,835	1,108,336
Tax recoverable		-	328,193
Short-term investments		81,367,500	43,162,010
Cash and cash equivalents		225,246,464	213,253,287
		<u>360,470,570</u>	<u>314,749,951</u>
Total assets		<u><u>765,708,174</u></u>	<u><u>682,732,349</u></u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		78,624,000	78,624,000
Retained profits			
- Proposed interim/final dividend		3,628,800	4,838,400
- Others		649,805,248	577,872,991
Total equity		<u><u>732,058,048</u></u>	<u><u>661,335,391</u></u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		8,228,153	814,037
Current liabilities			
Amounts due to associated companies		22,804,933	17,962,433
Trade and other payables	9	2,499,660	2,591,083
Tax payable		117,380	29,405
		<u>25,421,973</u>	<u>20,582,921</u>
Total liabilities		<u><u>33,650,126</u></u>	<u><u>21,396,958</u></u>
Total equity and liabilities		<u><u>765,708,174</u></u>	<u><u>682,732,349</u></u>
Net current assets		<u><u>335,048,597</u></u>	<u><u>294,167,030</u></u>
Total assets less current liabilities		<u><u>740,286,201</u></u>	<u><u>662,149,428</u></u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and investment properties, which are carried at fair value, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31st March 2009 which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The accounting policies and methods of computation applied in the preparation of the interim financial statements are consistent with those applied in the annual financial statements for the year ended 31st March 2009, except as stated below.

The adoption of new/revised standards, amendments to existing standards and interpretation

The Group adopted the new/revised accounting standards, amendments and interpretation of HKFRS below, which are relevant to its operations.

HKAS 1 (Revised)	Presentation of Financial Statements
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) - Int 15	Agreements for the Construction of Real Estate
HKICPA’s improvement to certain HKFRS published in October 2008	
- HKAS 1 (Amendment)	Presentation of Financial Statements
- HKAS 8 (Amendment)	Accounting Policies, Changes in Accounting Estimates and Errors
- HKAS 10 (Amendment)	Events after the Reporting Period
- HKAS 27 (Amendment)	Consolidated and Separate Financial Statements
- HKAS 28 (Amendment)	Investments in Associates
- HKAS 34 (Amendment)	Interim Financial Reporting
- HKAS 36 (Amendment)	Impairment of Assets
- HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement
- HKAS 40 (Amendment)	Investment Property
- HKFRS 7 (Amendment)	Financial Instruments: Disclosures

The Group has assessed the impact of the adoption of these new/revised standards, amendments and interpretation 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 except for the presentation of the consolidated statement of comprehensive income under HKAS 1 (Revised).

Standards, amendments to existing standards and interpretations that are not yet effective

		Effective for accounting periods beginning on or after
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1st July 2009
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement	1st July 2009
HKFRS 3 (Revised)	Business Combinations	1st July 2009
HK(IFRIC) - Int 17	Distributions on Non-cash Assets to Owners	1st July 2009
HK(IFRIC) - Int 18	Transfers of Assets from Customers	1st July 2009
HKAS 7 (Amendment)	Statement of Cash Flows	1st January 2010
HKAS 17 (Amendment)	Leases	1st January 2010
HKAS 36 (Amendment)	Impairment of Assets	1st January 2010
HKFRS 8 (Amendment)	Operating Segments	1st January 2010
HKFRS 9	Financial Instruments	1st January 2013

The Group has not early adopted the above standards, amendments and interpretations, which are relevant to its operations and is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of the financial statements will result.

2. REVENUE AND SEGMENTAL INFORMATION

The principal activities of the Group include those relating to investment holding, property 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 investment and management and investments.

Segment assets consist 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.

Revenue represents turnover recognised during the period and comprises the following:

	Six months ended 30th September	
	2009	2008
	HK\$	HK\$
Rental income	1,546,731	1,273,398
Management fee income	588,653	545,684
Interest income	729,403	2,014,090
Dividend income		
Listed investments	2,105,550	1,058,464
Unlisted investments	14	1,025,444
Construction supervision fee income	150,500	121,800
	5,120,851	6,038,880

The segment results for the six months ended 30th September 2009 are as follows:

	Property investment and management HK\$	Investments HK\$	Total HK\$
Revenues	<u>2,285,884</u>	<u>2,834,967</u>	<u>5,120,851</u>
Segment results	<u>7,965,726</u>	<u>42,885,034</u>	<u>50,850,760</u>
Unallocated costs			<u>(1,861,576)</u>
Operating profit			<u>48,989,184</u>
Share of profits less losses of associated companies	33,717,721	-	<u>33,717,721</u>
Profit before income tax			<u>82,706,905</u>
Income tax expense			<u>(7,145,848)</u>
Profit attributable to the equity holders of the Company			<u><u>75,561,057</u></u>
Changes in fair value of investment properties	6,650,000	-	<u><u>6,650,000</u></u>

The segment assets and liabilities at 30th September 2009 are as follows:

	Property investment and management HK\$	Investments HK\$	Total HK\$
Segment assets	163,462,609	81,719,874	245,182,483
Associated companies	295,124,773	-	295,124,773
Unallocated assets			<u>225,400,918</u>
Total assets			<u><u>765,708,174</u></u>
Segment liabilities	25,067,560	-	25,067,560
Unallocated liabilities			<u>8,582,566</u>
Total liabilities			<u><u>33,650,126</u></u>

The segment results for the six months ended 30th September 2008 are as follows:

	Property investment and management HK\$	Investments HK\$	Total HK\$
Revenues	<u>1,940,882</u>	<u>4,097,998</u>	<u>6,038,880</u>
Segment results	<u>7,618,022</u>	<u>(20,499,885)</u>	(12,881,863)
Unallocated costs			(2,499,224)
Operating loss			(15,381,087)
Share of profits less losses of associated companies	35,509,321	-	35,509,321
Profit before income tax			20,128,234
Income tax credit			1,729,156
Profit attributable to the equity holders of the Company			<u>21,857,390</u>
Changes in fair value of investment properties	6,620,000	-	<u>6,620,000</u>

The segment assets and liabilities at 31st March 2009 are as follows:

	Property investment and management HK\$	Investments HK\$	Total HK\$
Segment assets	164,336,688	43,256,160	207,592,848
Associated companies	261,407,052	-	261,407,052
Unallocated assets			213,732,449
Total assets			<u>682,732,349</u>
Segment liabilities	20,416,516	-	20,416,516
Unallocated liabilities			980,442
Total liabilities			<u>21,396,958</u>

3. DIRECT OUTGOINGS IN RELATION TO PROPERTIES THAT GENERATE INCOME

	Six months ended 30th September	
	2009	2008
	HK\$	HK\$
Direct costs	274,307	262,345
Amortisation on leasehold land	24,354	24,354
	<u>298,661</u>	<u>286,699</u>

4. OTHER (LOSSES)/GAINS – NET

	Six months ended 30th September	
	2009	2008
	HK\$	HK\$
Net exchange (losses)/gains	(3,391)	147,651
Sundries	-	198,638
	<u>(3,391)</u>	<u>346,289</u>

5. INCOME TAX (EXPENSE)/CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the Group's estimated assessable profit for the period.

	Six months ended 30th September	
	2009	2008
	HK\$	HK\$
Hong Kong profits tax		
Provision for the period	(88,003)	(87,682)
Over-provision in prior years	352,786	80,845
Deferred income tax	(7,410,631)	1,735,993
	<u>(7,145,848)</u>	<u>1,729,156</u>

6. 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\$75,561,057 (2008: HK\$21,857,390) and on 120,960,000 shares (2008: 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.

7. DIVIDENDS

	Six months ended	
	30th September	
	2009	2008
	HK\$	HK\$
Interim dividend declared of HK3 cents (2008: HK2 cents) per share	3,628,800	2,419,200

The Board of Directors has resolved to declare an interim dividend of HK3 cents per share for the six months ended 30th September 2009 (2008: HK2 cents) payable on Tuesday, 26th January 2010 to equity holders whose names appear on the Register of Members of the Company on Tuesday, 19th January 2010.

8. TRADE AND OTHER RECEIVABLES

	30th	31st
	September	March
	2009	2009
	HK\$	HK\$
Trade receivables		
Within 3 months	300,410	180,526
Between 4 and 6 months	40,297	46,245
Over 6 months	477,472	481,110
	818,179	707,881
Other receivables	410,146	102,072
Prepayments and utility deposits	193,510	298,383
	1,421,835	1,108,336

Trade receivables represent rental and management fee receivables which are normally due for payment upon presentation of debit note at the beginning of each rental period (normally on a monthly basis).

9. TRADE AND OTHER PAYABLES

	30th	31st
	September	March
	2009	2009
	HK\$	HK\$
Trade payables		
Within 90 days	168	195
Other payables	904,714	845,514
Amount due to a related company	2,100	28,456
Rental and utility deposits received	582,098	579,398
Accrued expenses	1,010,580	1,137,520
	2,499,660	2,591,083

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK3 cents per share for the six months ended 30th September 2009 (2008: HK2 cents) payable on Tuesday, 26th January 2010 to equity holders whose names appear on the Register of Members of the Company on Tuesday, 19th January 2010.

CLOSURE OF REGISTER OF MEMBERS

The Transfer Books and Register of Members of the Company will be closed from Wednesday, 13th January 2010 to Tuesday, 19th January 2010, 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 Unit 3401-2, 34th Floor, AIA Tower, 183 Electric Road, North Point, Hong Kong not later than 4:00 p.m. on Tuesday, 12th January 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Group's revenues for the period ended 30th September 2009 amounted to HK\$5.1 million, representing a decrease of about 15.2% from the corresponding period in 2008. The main reason of this moderate decrease was the drop of interest income by HK\$1.3 million although it was partly offset by the mild increase in rental income of HK\$0.3 million.

For the period under review, the Group's unaudited consolidated profit attributable to equity holders amounted to HK\$75.6 million, representing about 3.5 times of the corresponding period in 2008. This encouraging result was mainly attributable to the outstanding performance of the Group's investment portfolio following the rebound of the securities market. The aggregate net profit in this respect was HK\$36.4 million, compared with the corresponding aggregate net loss of HK\$18.4 million in 2008. The fair value gains on the Group's and its associated companies' investment properties net of related deferred taxation was comparable to that of last year and a slight decrease of HK\$0.9 million was recorded. Last year, deferred taxation of HK\$1.6 million was written back as a result of the reduction of tax rate by 1%.

BUSINESS REVIEW

Property Investment and Management

During the period under review, improvement was seen in the Group's Rental Business. Higher unit rates were achieved on new or renewal of tenancies. The contribution from this business to the Group's net profit was HK\$0.8 million greater than that of last year.

As reported earlier in the 2009 Annual Report, the upgrading works of the 25-storey Horizon Plaza at Ap Lei Chau are still in progress and is due to be completed by early 2010. The premises are now fully occupied. Barring unforeseen circumstances, the Group is optimistic about the performance of its Rental Business.

During the period under review, even though no significant improvement was observed in the operating environment of the Group's Property Management Business, a slight improvement was achieved by the concerted efforts of our colleagues. A slight increase of 7.9% in turnover was recorded.

Investments

During the period under review, the Group's Investment Business benefited from the global improving securities market. Our usual benefit of virtually debt-free position which led to higher interest income in times of rising interest rate had gone and a reduction of interest income of HK\$1.3 million was recorded in the exceptionally low interest rate environment.

The global economy had stabilized after enormous capitals had been injected by most central banks. Asset prices, both realty and financial assets, were boosted up. The prices of the Group's investment portfolio had surged and most of the previous diminution in value was recouped. Consequently, the performance of this business was outstanding and the aggregate net profit was HK\$36.4 million versus last year's aggregate net loss of HK\$18.4 million.

PROSPECTS

For the period under review, signs of improvement were seen in the local economy since the outbreak of the financial tsunami. Year-on-year 2009 3rd Quarter GDP declined by 2.4%, compared with a decline of 7.8% in the 1st Quarter. A year-on-year private consumption expenditure growth of 0.2% was reported after four consecutive quarters' decline. Similarly, the seasonally adjusted unemployment rate stood at 5.2% which was slightly lower than the record high 5.4% since the financial tsunami.

At the beginning of the year, the general view on the outlook of the global economy was pessimistic. There were worries over recession and persistent tight credit market. However, various financial stimulus packages and quantitative easing monetary policies were implemented by the governments of various major economies. Pace of economic downturn seems to have slowed down and market confidence, to certain extent, is resumed. This is evidenced by the general rebound of the global securities markets. Assets prices surge as a result of the continuous influx of funds and anticipated inflation under the global quantitative easing monetary policies.

On the contrary, there are fears of the unfavourable impact upon the withdrawal of the various quantitative easing monetary policies. The current flood of funds may disappear. The current buoyancy in global securities markets does not match with the real economy. Unemployment rate is still high. Real and sustainable growth of economy is yet to be confirmed.

Undoubtedly, Hong Kong has benefited from its close economic integration with China. The prevailing low interest rate environment and forthcoming inflation cycle may have positive impact on assets prices which is favourable to the Group's core property-related business. However, the aforesaid possible negative impact from the withdrawal of the various quantitative easing monetary policies should be closely monitored. The outcome of such withdrawal is difficult to grasp with. In view of the uncertainties of the global economy and the likely impact on the local economy, the Group will remain vigilant to the possible shocks and continue to maintain adequate financial resources in order to safeguard the interest of shareholders.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30th September 2009, the Group had less than twenty employees and their remuneration is maintained at competitive levels. Total staff costs (including Directors' remuneration) amounted to HK\$1.9 million (2008: HK\$1.9 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 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\$225.2 million at 30th September 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 and material contingent liabilities.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (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 2009, 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 103(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 2009.

AUDIT COMMITTEE

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. The Group's interim results for the six months ended 30th September 2009 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 2009 will be published and dispatched to the equity holders of the Company in late December 2009.

BOARD OF DIRECTORS

As at the date of this announcement, the Board of Directors 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 December 2009