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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 2014

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 2014, with comparative figures for the previous year, are as follows: -

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2014**

	Note	2014 HK\$	2013 HK\$
Revenues	2	19,937,658	12,920,295
Changes in fair value of investment properties		(2,100,000)	2,600,000
Net fair value gains on financial assets at fair value through profit or loss		1,059,925	386,694
Other (losses)/gains, net	4	(102,895)	869,819
Direct outgoings in relation to properties that generate income	5	(393,585)	(463,964)
Cost of sales of completed properties	5	(954,460)	(47,181)
Staff costs	5	(6,135,415)	(5,727,728)
Other operating expenses	5	(1,394,475)	(1,283,733)
Operating profit		9,916,753	9,254,202
Share of profits less losses of associated companies		36,208,134	103,965,956
Profit before income tax		46,124,887	113,220,158
Income tax (expense)/credit	6	(994,354)	1,750
Profit and total comprehensive income attributable to equity holders of the Company		45,130,533	113,221,908
Dividends	7	41,126,400	42,336,000
Earnings per share (Basic and diluted)	8	0.37	0.94

**CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH 2014**

	Note	2014 HK\$	2013 HK\$
ASSETS			
Non-current assets			
Investment properties		65,900,000	68,000,000
Investments in associated companies		690,010,750	678,561,246
Amounts due from associated companies		5,520,179	9,636,681
Available-for-sale financial assets		250,448	250,448
Deferred income tax assets		762,776	317,546
		<u>762,444,153</u>	<u>756,765,921</u>
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Current assets			
Completed properties held for sale		5,615,989	6,497,015
Amounts due from associated companies		38,446,010	43,660,016
Trade and other receivables	9	1,325,518	1,250,398
Tax recoverable		19,052	1,598,374
Financial assets at fair value through profit or loss		3,288,095	2,938,493
Cash and bank balances		358,649,739	357,110,402
		<u>407,344,403</u>	<u>413,054,698</u>
		=====	=====
Total assets		<u><u>1,169,788,556</u></u>	<u><u>1,169,820,619</u></u>

	Note	2014 HK\$	2013 HK\$
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		78,624,000	78,624,000
		-----	-----
Retained profits			
- Proposed dividends		27,820,800	29,030,400
- Others		1,049,902,012	1,045,897,879
		-----	-----
		1,077,722,812	1,074,928,279
		-----	-----
Total equity		1,156,346,812	1,153,552,279
		-----	-----
LIABILITIES			
Current liabilities			
Amounts due to associated companies		8,755,283	13,011,614
Trade and other payables	10	3,416,487	3,218,595
Tax payable		1,269,974	38,131
		-----	-----
Total liabilities		13,441,744	16,268,340
		-----	-----
Total equity and liabilities		1,169,788,556	1,169,820,619
		-----	-----
Net current assets		393,902,659	396,786,358
		-----	-----
Total assets less current liabilities		1,156,346,812	1,153,552,279
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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 at fair value through profit or loss and investment properties which are carried at fair value.

The Group adopted the revised standards and amendments to existing standards below, which are relevant to its operations.

HKAS 1 Amendment	Presentation of Items of Other Comprehensive Income
HKAS 19 Amendment	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates, and Joint Ventures
HKFRS 7 Amendment	Disclosures - Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Fourth annual improvement project (2011)	Improvements for HKFRS published in June 2012

The Group has assessed the impact of the adoption of these revised standards and amendments and considered that there were no 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 information, except for additional disclosures as required by HKAS 1 Amendment “Presentation of Items of Other Comprehensive Income”, HKFRS 12 “Disclosure of Interests in Other Entities” and HKFRS 13 “Fair Value Measurement”.

2. REVENUES

	2014	2013
	HK\$	HK\$
Rental income		
Investment properties	1,049,952	1,009,871
Other properties	3,648,812	3,466,058
Sales of completed properties held for sale	8,498,150	1,350,000
Management fee income	1,325,883	1,342,650
Bank interest income	4,936,317	5,116,509
Dividend income - Listed investments	72,914	64,007
Construction supervision fee income	405,630	571,200
	<hr/> 19,937,658 <hr/>	<hr/> 12,920,295 <hr/>

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, completed properties held for sale and cash and bank balances and exclude items such as tax recoverable and deferred income tax assets. Segment liabilities comprise operating liabilities and exclude items such as tax payable and unpaid dividend.

	Property development, investment and management HK\$	Investments HK\$	Total HK\$
Year ended 31st March 2014			
Revenues	14,928,427	5,009,231	19,937,658
Segment results	9,663,102	5,945,383	15,608,485
Unallocated costs			(5,691,732)
Operating profit			9,916,753
Share of profits less losses of associated companies	36,208,134	-	36,208,134
Profit before income tax			46,124,887
Income tax expenses			(994,354)
Profit attributable to equity holders of the Company			45,130,533
Segment assets	116,396,828	362,599,150	478,995,978
Associated companies	690,010,750	-	690,010,750
Unallocated assets			781,828
Total assets			1,169,788,556
Segment liabilities	11,330,835	-	11,330,835
Unallocated liabilities			2,110,909
Total liabilities			13,441,744
Changes in fair value of investment properties	(2,100,000)	-	(2,100,000)

	Property development, investment and management HK\$	Investments HK\$	Total HK\$
Year ended 31st March 2013			
Revenues	7,739,779	5,180,516	12,920,295
Segment results	8,077,516	6,411,007	14,488,523
Unallocated costs			(5,234,321)
Operating profit			9,254,202
Share of profits less losses of associated companies	103,965,956	-	103,965,956
Profit before income tax			113,220,158
Income tax credit			1,750
Profit attributable to equity holders of the Company			113,221,908
Segment assets	128,813,694	360,529,759	489,343,453
Associated companies	678,561,246	-	678,561,246
Unallocated assets			1,915,920
Total assets			1,169,820,619
Segment liabilities	15,604,351	-	15,604,351
Unallocated liabilities			663,989
Total liabilities			16,268,340
Changes in fair value of investment properties	2,600,000	-	2,600,000

4. OTHER (LOSSES)/ GAINS, NET

	2014	2013
	HK\$	HK\$
Net exchange (losses)/gains	(123,773)	843,797
Sundries	20,878	26,022
	<u>(102,895)</u>	<u>869,819</u>

5. EXPENSES BY NATURE

	2014	2013
	HK\$	HK\$
Direct outgoings in relation to properties that generate income		
Investment properties	182,552	250,345
Other properties	211,033	213,619
	<u>393,585</u>	<u>463,964</u>
Cost of sales of completed properties	<u>954,460</u>	<u>47,181</u>
Staff costs (including Directors' remuneration)		
Salaries and other emoluments	5,834,669	5,449,687
Contributions to retirement schemes	300,746	278,041
	<u>6,135,415</u>	<u>5,727,728</u>
Other operating expenses		
Auditor's remuneration		
Audit fees	501,300	465,300
Non-audit fees	158,900	158,900
Others	734,275	659,533
	<u>1,394,475</u>	<u>1,283,733</u>

6. INCOME TAX (EXPENSE)/ CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year.

	2014	2013
	HK\$	HK\$
Hong Kong profits tax		
Provision for the year	(1,439,584)	(183,233)
Over-provision in prior years	-	765
Deferred income tax	445,230	184,218
	<u>(994,354)</u>	<u>1,750</u>

7. DIVIDENDS

	2014	2013
	HK\$	HK\$
Interim dividend paid of HK11 cents		
(2013: HK11 cents) per share	13,305,600	13,305,600
Proposed final dividend of HK11 cents		
(2013: HK11 cents) per share	13,305,600	13,305,600
Proposed special dividend of HK12 cents		
(2013: HK13 cents) per share	14,515,200	15,724,800
	<u>41,126,400</u>	<u>42,336,000</u>

At the Board meeting held on Thursday, 26th June 2014, the Board of Directors proposed a final dividend of HK11 cents per share and a special dividend of HK12 cents per share. These proposed dividends will be accounted for as an appropriation of retained profits for the year ending 31st March 2015.

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.

	2014	2013
	HK\$	HK\$
Profit attributable to equity holders of the Company	45,130,533	113,221,908
Weighted average number of ordinary shares in issue	120,960,000	120,960,000
Earnings per share (Basic and diluted)	0.37	0.94

The Company has no dilutive potential ordinary shares.

9. TRADE AND OTHER RECEIVABLES

	2014	2013
	HK\$	HK\$
Trade receivables		
Within 3 months	385,416	555,220
Other receivables	698,637	488,110
Prepayments and utility deposits	241,465	207,068
	1,325,518	1,250,398

Notes:

- (a) Trade receivables represent rental and management fee receivables. Rental 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 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 2014, trade receivables of HK\$385,416 (2013: HK\$335,220) 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 2014, there are no trade receivables of the Group and the Company individually determined to be impaired (2013: nil).

10. TRADE AND OTHER PAYABLES

	2014	2013
	HK\$	HK\$
Trade payables		
Within 3 months	25,323	111
Other payables	1,513,098	1,296,067
Rental and utility deposits received	1,149,762	950,654
Accrued expenses	728,304	682,523
Deposit received	-	289,240
	<hr/>	<hr/>
	3,416,487	3,218,595
	<hr/> <hr/>	<hr/> <hr/>

DIVIDENDS

The Directors recommend the payment of a final dividend of HK11 cents (2013: HK11 cents) per share and a special dividend of HK12 cents (2013: HK13 cents) per share for the year ended 31st March 2014. Together with the interim dividend of HK11 cents (2013: HK11 cents) per share, total dividends for the year amount to HK34 cents (2013: 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 HK23 cents per share will be payable on Thursday, 18th September 2014 to the shareholders whose names appear on the Register of Members of the Company on Friday, 12th September 2014.

CLOSURE OF REGISTER OF MEMBERS

The Transfer Books and Register of Members of the Company will be closed from Monday, 8th September 2014 to Friday, 12th September 2014, 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 Units 1607-8, 16th Floor, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong not later than 4:00 p.m. on Friday, 5th September 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Group's revenues for the year ended 31st March 2014 amounted to HK\$19.9 million, an increase of about 54.3% from the previous year. This increase was mainly attributable to the greater sales of properties held for sale of HK\$7.1 million.

For the year under review, the Group's profit attributable to equity holders was HK\$45.1 million, representing a decrease of about 60.1% from 2013. Amongst these, HK\$36.2 million (2013: HK\$104.0 million) were ascribed to the Group's share of the results of its associated companies. Earnings per share was HK\$0.37 as compared with HK\$0.94 last year. Excluding the fair value gains arising from revaluations of the Group's and the share of the associated companies' investment properties, the after-tax profit was comparable to that of last year. The rental business out-performed last year by HK\$1.6 million. However, exchange losses of HK\$0.1 million against exchange gains of HK\$0.8 million last year were reported. The profits from sales of the Group's and its associated companies' properties and interest income reduced by HK\$0.4 million and HK\$0.2 million respectively for the year under review.

BUSINESS REVIEW

Property Development, Investment and Management

During the year under review, the performance of the Rental Business of the Group and its associated companies was satisfactory. Benefiting from the general increase of rental rates, the contributions to the after-tax profit were HK\$1.6 million higher than that of last year.

During the year under review, there were several disposals of the Group's and its associated companies' properties. The Group had disposed of 1 unit in Fanling and its interest in 5 units in Tuen Mun. The resulting after-tax profits from these sales were HK\$6.3 million. Furthermore, an associated company had disposed of 3 units in Fanling and the Group's share of after-tax profit was HK\$3.1 million.

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 increase in the level of minimum wage had exerted much pressure on the operating environment of the Group's Property Management Business and the profitability of this business was diminishing.

Investments

During the year under review, the Group had recorded an after-tax profit of HK\$1.1 million from its investment portfolio, an increase of HK\$0.7 million from that of last year.

The bank deposit rates were rather stable and a little bit lower than that of last year. For the year under review, the interest income was HK\$0.2 million lower than that of last year.

PROSPECTS

In the United States, various positive signals such as reducing unemployment rates, improving housing sales and personal consumption had triggered the Federal Reserve to reduce the scale of quantitative easing measures. The Federal Reserve had begun tapering process and gradually reduced the volume of the bond purchase. Tighter liquidity was anticipated. However, there was common consensus that the interest rate would remain at the current level for a considerable period of time. On the other hand, the position in the eurozone was quite different. In order to avoid deflation, the European Central Bank has just introduced a negative interest rate it pays on money deposited by banks aiming to increase liquidity in the economy. The political turmoil in Ukraine was another challenge to the economy of Europe.

In China, economic reforms and structural organization adjustment were in progress. The end result might be a slower pace in economic development. All of these recent developments had cast uncertainties on the global economy.

For the year under review, the local economy was still stable. The year-on-year GDP growth improved from 4.4% in the 4th Quarter 2013 to 4.6% in the 1st Quarter 2014. The seasonally adjusted unemployment rate was 3.1% for the latest quarter which was the lowest since the financial tsunami. The inflation as reflected by the Consumer Price Index for April 2014 stood at a relatively stable level of 3.7%. However, the lackluster global economy had a negative impact on the total exports. This, coupled with the weakening retail sales for the past few months, was an alarm that should be closely monitored. Most of the measures carried out by the Hong Kong Government to curb the bubble in the property market were legislated. Speculations in the property market especially the residential segment were uncommon and the ever rising trend of prices seemed to have been stopped. In the future, the Hong Kong Government should be cautious in winding up the various administrative measures.

The global economy will be undoubtedly affected by the winding up of quantitative easing measures in the United States and the unprecedented negative interest rate of the European Central Bank. It is difficult to predict what the outcome will be. In that scenario, we should act cautiously and maintain adequate resources to meet with the challenges ahead.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31st March 2014, the Group had less than twenty employees and their remuneration are maintained at competitive levels. Total staff costs (including Directors' remuneration) amounted to HK\$6.1 million (2013: HK\$5.7 million). Remuneration policies are reviewed regularly by the Board and by the Remuneration Committee regarding Directors and senior management. Employees' salaries are determined on performance basis with reference to the market trend. In addition, discretionary bonuses are granted to eligible employees with reference to the Group's results and individual performance. Other benefits include education subsidies, medical and retirement benefits.

LIQUIDITY AND FINANCIAL RESOURCES

The Group is virtually debt-free and generally finances its operations with internally generated cash flows. The Group's cash and cash equivalents amounted to HK\$358.6 million at 31st March 2014. 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 2014, save as disclosed in the Company's interim report for the six months ended 30th September 2013 regarding the deviations from the code provisions A.2.1 and A.4.1 of the Corporate Governance Code and Corporate Governance Report (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 (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 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 2014 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 of the Company has reviewed the annual results of the Company for the year ended 31st March 2014. The figures in respect of the preliminary announcement of the Group's results for the year ended 31st March 2014 have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

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 2014 will be published and dispatched to the shareholders of the Company in late July 2014.

ANNUAL GENERAL MEETING AND RELEVANT NOTICE

It is proposed that the 2014 Annual General Meeting of the Company will be held on Monday, 1st September 2014 at 11:30 a.m.. Notice of the Annual General Meeting of the Company will be published and dispatched to the shareholders of the Company in late July 2014.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 26th August, 2014 to Monday, 1st September 2014, 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 2014 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 Units 1607-8, 16th Floor, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong not later than 4:00 p.m. on Monday, 25th August 2014.

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, 26th June 2014