



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

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2008

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 2008, with comparative figures of the previous period, are as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2008

		Six months ended	
		30th September	
		2008	2007
	Note	HK\$	HK\$
Revenue	2	6,038,880	9,626,416
Direct costs	3	(286,699)	(207,500)
Gross profit		5,752,181	9,418,916
Other (losses)/gains – net	4	(24,574,633)	65,176
Changes in fair value of investment properties		6,620,000	3,750,000
Administrative expenses	3	(3,178,635)	(2,340,107)
Operating (loss)/profit		(15,381,087)	10,893,985
Share of profits less losses of associated companies (including share of revaluation surplus on investment properties net of related tax of HK\$24,225,904 (2007:HK\$21,553,006))		35,509,321	29,238,701
Profit before income tax		20,128,234	40,132,686
Income tax credit/(expense)	5	1,729,156	(903,901)
Profit attributable to equity holders of the Company		21,857,390	39,228,785
Earnings per share	6	18.1 cents	32.4 cents
Dividends	7	2,419,200	2,419,200

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30TH SEPTEMBER 2008**

	Note	30th September 2008 HK\$	31st March 2008 HK\$
ASSETS			
Non-current assets			
Investment properties		50,800,000	44,180,000
Investments in associated companies		240,954,521	217,445,201
Amounts due from associated companies		76,215,205	85,586,205
Available-for-sale financial assets		250,448	250,448
Deferred income tax assets		147,483	152,726
		368,367,657	347,614,580
Current assets			
Properties held for sale		5,699,291	5,723,645
Amounts due from associated companies		53,577,187	44,041,193
Trade and other receivables	8	1,175,546	1,894,993
Tax recoverable		335,329	328,901
Short-term investments		126,379,880	152,014,334
Cash and cash equivalents		147,611,169	138,912,314
		334,778,402	342,915,380
Total assets		703,146,059	690,529,960

	30th September 2008 HK\$	31st March 2008 HK\$
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	2,419,200	4,838,400
- Others	596,297,465	576,859,275
Total equity	677,340,665	660,321,675
LIABILITIES		
Non-current liabilities		
Deferred income tax liabilities	2,972,770	4,714,006
Current liabilities		
Amounts due to associated companies	9,162,710	8,250,210
Trade and other payables	2,421,109	3,074,576
Derivative financial instrument	11,193,047	14,127,000
Tax payable	55,758	42,493
	22,832,624	25,494,279
Total liabilities	25,805,394	30,208,285
Total equity and liabilities	703,146,059	690,529,960
Net current assets	311,945,778	317,421,101
Total assets less current liabilities	680,313,435	665,035,681

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

a. Basis of preparation

These interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

These interim financial statements should be read in conjunction with the annual financial statements for the year ended 31st March 2008.

b. Accounting policies

The accounting policies adopted are consistent with those used in the annual financial statements for the year ended 31st March 2008.

2. REVENUE AND SEGMENTAL 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. 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.

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.

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

	Six months ended 30th September	
	2008	2007
	HK\$	HK\$
Rental income	1,273,398	2,487,272
Management fee income	545,684	561,804
Interest income	2,014,090	6,324,349
Dividend income		
Listed investments	1,058,464	180,169
Unlisted investments	1,025,444	51,822
Construction supervision fee income	121,800	21,000
	<u>6,038,880</u>	<u>9,626,416</u>

Primary reporting format - business segments

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

	Property investment, development and management and building contractor HK\$	Investments HK\$	Total HK\$
Revenue	1,940,882	4,097,998	6,038,880
Segment results	7,618,022	(20,499,885)	(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			21,857,390

The segment assets and liabilities at 30th September 2008 are as follows:

	Property investment, development and management and building contractor HK\$	Investments HK\$	Total HK\$
Segment assets	428,558,790	126,493,288	555,052,078
Unallocated assets			148,093,981
Total assets			703,146,059
Segment liabilities	11,460,713	11,193,047	22,653,760
Unallocated liabilities			3,151,634
Total liabilities			25,805,394

The segment results for the six months ended 30th September 2007 are as follows:

	Property investment, development and management and building contractor HK\$	Investments HK\$	Total HK\$
Revenue	3,070,076	6,556,340	9,626,416
Segment results	5,959,575	6,532,923	12,492,498
Unallocated costs			(1,598,513)
Operating profit			10,893,985
Share of profits less losses of associated companies	29,238,701	-	29,238,701
Profit before income tax			40,132,686
Income tax expense			(903,901)
Profit attributable to the equity holders of the Company			39,228,785

The segment assets and liabilities at 31st March 2008 are as follows:

	Property investment, development and management and building contractor HK\$	Investments HK\$	Total HK\$
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

3. EXPENSES BY NATURE

	Six months ended 30th September	
	2008	2007
	HK\$	HK\$
Direct expenses arising from properties that generate income	286,699	207,500
Amortisation on leasehold land included in properties held for sale	24,354	24,354
Auditor's remuneration	385,523	267,725
Staff costs (including directors' remuneration)	1,926,321	1,723,130
Others	842,437	324,898
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Total direct costs and administrative expenses	3,465,334	2,547,607
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4. OTHER (LOSSES)/GAINS - NET

	Six months ended 30th September	
	2008	2007
	HK\$	HK\$
Net fair value (losses)/gains on financial assets at fair value through profit or loss	(27,427,976)	665,564
Impairment loss on financial assets at fair value through profit or loss	(426,899)	-
Change in fair value of derivative financial instrument	2,933,953	-
Net exchange gains/(losses)	147,651	(688,981)
Sundries	198,638	88,593
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	(24,574,633)	65,176
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5. INCOME TAX CREDIT/(EXPENSE)

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the Group's estimated assessable profit for the period.

	Six months ended 30th September	
	2008	2007
	HK\$	HK\$
Current income tax		
Hong Kong profits tax	(6,837)	(250,578)
Deferred income tax	1,735,993	(653,323)
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	1,729,156	(903,901)
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6. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to equity holders of the Company of HK\$21,857,390 (2007: HK\$39,228,785) and on 120,960,000 shares (2007: 120,960,000 shares) in issue during the year.

7. DIVIDENDS

	Six months ended 30th September	
	2008	2007
	HK\$	HK\$
Interim dividend declared of HK2 cents (2007: HK2 cents) per share	2,419,200	2,419,200

The Board of Directors has resolved to declare an interim dividend of HK2 cents per share (2007: HK2 cents) for the six months ended 30th September 2008 payable on Thursday, 22nd January 2009 to equity holders whose names appear on the Register of Members of the Company on Friday, 16th January 2009.

8. TRADE AND OTHER RECEIVABLES

	30th September 2008 HK\$	31st March 2008 HK\$
Trade receivables		
Within 3 months	139,797	215,311
Between 4 and 6 months	40,245	47,729
Over 6 months	546,517	947,482
	726,559	1,210,522
Other receivables	236,029	273,592
Amount due from a related company	-	150,000
Prepayments and utility deposits	212,958	260,879
	1,175,546	1,894,993

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 September 2008 HK\$	31st March 2008 HK\$
Trade payables		
Within 90 days	1,062	241
Over 90 days	-	10
	1,062	251
Other payables	1,184,819	958,204
Amounts due to related companies	79,808	317,513
Rental and utility deposits received	414,498	674,098
Accrued expenses	740,922	1,124,510
	2,421,109	3,074,576

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK2 cents per share for the six months ended 30th September 2008 (2007: HK2 cents) payable on Thursday, 22nd January 2009 to equity holders whose names appear on the Register of Members of the Company on Friday, 16th January 2009.

CLOSURE OF REGISTER OF MEMBERS

The Transfer Books and Register of Members of the Company will be closed from Thursday, 8th January 2009 to Friday, 16th January 2009, 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 Wednesday, 7th January 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the six months ended 30th September 2008, the Group's unaudited consolidated profit attributable to equity holders amounted to HK\$21.9 million, representing a decrease of about 44.3% from the corresponding period in 2007. During the period under review, rental income and interest income were lower than those of last year by HK\$1.2 million and HK\$4.3 million respectively. The substantial loss as a result of tremendous decrease in value of our investment portfolio had led to a decrease in net profit of the Group by HK\$23.1 million. On the other hand, a greater fair value gains on the Group's and its associated companies' investment properties net of related deferred taxation of HK\$5.1 million was recorded. Also, dividend income increased by HK\$1.9 million. Furthermore, previous provision for deferred taxation was written back by HK\$1.6 million as a result of the reduction of tax rate by 1%.

BUSINESS REVIEW

Property Investment, Development and Management and Building Contractor

During the period under review, the Group's Rental Business performed well. However, casual vacancies occurred in the course of finding higher yield tenants. Consequently, the operating result of this Business was comparable to that of last year. Barring unforeseen circumstances, it is anticipated that the annual results of this segment will remain stable.

During the period under review, keen competition was still the challenge of the Group's Property Management Business. A slight reduction of 2.9% in turnover was recorded.

The performance of the Group's Building Contractor Business improved further after greater control was exercised on manpower. The loss of this segment reduced by HK\$0.09 million.

Investments

During the period under review, the performance of the Group's Investment Business was far below our expectation. The Group's benefit from its virtually debt-free position, on the back of global reduction of interest rate, was totally erased. In fact, for the period under review, the Group had reported a decrease of interest income for HK\$4.3 million (2007: an increase of HK\$0.8 million).

The performance of this segment was further hampered by the financial tsunami triggered by the subprime mortgage crisis in the US. A severe loss was resulted from the tremendous decrease in value on our investment portfolio. Although the Group could still achieve a satisfactory result from the sales of short-term investments, the aggregate of these two elements resulted in a decrease in profit of HK\$23.1 million.

The substantial loss was however mitigated by the weakening of HK\$/US\$. An exchange gain of HK\$0.1 million instead of exchange loss of HK\$0.7 million last year was recorded.

PROSPECTS

For the period under review, Hong Kong saw a weakening economy. Year-on-year 2008 3rd Quarter GDP growth was 1.7%, dropping from the 1st Quarter growth of 7.3%. Simultaneously, the year-on-year private consumption expenditure growth dropped from the 1st Quarter of 7.9% to the current 3rd Quarter of 0.2%. In contrast, the seasonally adjusted unemployment rate rose up from 3.2% which was the lowest since the Asian financial turmoil in late 1990s to the current rate of 3.5%.

Globally, the current financial crisis aroused by the subprime mortgage problem in the US, followed by the collapse of Lehman Brothers and the resulting credit crunch, had a dampening effect on market sentiment. It is expected that the growth rate of global economy will slow down and the US and Europe will be in recession. Almost all countries will adopt expansionary monetary policy and lower their respective interest rates so as to relieve the pressure of economic downturn and to encourage credit for business activities. Although the adverse impact on China would not be as big as that in other countries, the central government still announced a 4 trillion yuan stimulus package to counter any negative impact on economic growth. It is unlikely that the aforesaid measures will rescue the economy in a short period of time. The global economy will inevitably be in “winter” time in the foreseeable future.

Hong Kong is an open economy and hence vulnerable to unfavourable global economic environment. The Group shall continue to maintain financial strength by keeping adequate cash and avoiding debt financing in order to deliver better overall results to shareholders.

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\$147.6 million at 30th September 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 and material contingent liabilities.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30th September 2008, 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 (2007: HK\$1.7 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 by reference to the Group’s results and individual performance. Other benefits include education subsidies, medical and retirement benefits.

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 2008, 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 2008.

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 2008 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.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim 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 interim report of the Company for the six months ended 30th September 2008 will be published and dispatched to the equity holders of the Company in late December 2008.

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, 9th December 2008