



WAH HA REALTY COMPANY LIMITED

(Incorporated in Hong Kong with Limited Liability)

ANNOUNCEMENT OF RESULTS

FOR THE YEAR ENDED 31ST MARCH 2002

The Board of Directors of Wah Ha Realty Company Limited (the "Company") announces that the audited consolidated results of the Company and its subsidiary and associated companies (the "Group") for the year ended 31st March 2002, with comparative figures of the previous year, are as follows:

		2002	2001
	Note	HK\$	HK\$
Turnover		13,668,777	16,976,204
Cost of sales		(289,811)	(402,361)
Gross profit		13,378,966	16,573,843
Other revenues		1,115,492	2,122,859
General and administration expenses		(5,167,062)	(6,025,931)
Other operating expenses		(8,914,782)	(7,220,263)
Operating profit		412,614	5,450,508
Share of profits/(losses) of associated companies		10,863,576	(2,194,598)
Profit before taxation		11,276,190	3,255,910
Taxation	3	(2,531,970)	(2,901,114)
Profit attributable to shareholders		8,744,220	354,796
Dividends	4	2,419,200	4,717,440
Earnings per share	5	7.2 cents	0.3 cents

Notes:

1. Basis of preparation

The accounts have been prepared under historical cost convention as modified by the revaluation of investment properties and investments in certain associated companies and in accordance with accounting principles generally accepted in Hong Kong.

In 2002, the Group adopted and implemented the following revised or new Statement of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants:

SSAP 9 (revised)	Events after the balance sheet date
SSAP 26	Segment reporting
SSAP 28	Provisions, contingent liabilities and contingent assets
SSAP 29	Intangible assets
SSAP 30	Business combinations
SSAP 31	Impairment of assets
SSAP 32	Consolidated financial statements and accounting for investments in subsidiaries

The effect of adopting these SSAPs is stated in Note 4.

2. Segment information

The principal activities of the Group include those relating to investment holding, property investment, management and building contractor. There are no other significant identifiable separate business. In accordance with the Group's internal financial reporting and operating activities, the primary reporting is by business segments and the secondary reporting is by geographical segments. All of the Group's operation and assets are located in Hong Kong. Segment assets consist primarily of associated companies, investment properties, properties held for sale, other non-current assets and debtors and prepayments. Segment liabilities comprise mainly creditors and accruals.

Primary reporting segment - business segment

Property investment, Investments management and and corporate		
building contractor	services	Total
<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>

Year ended 31st March 2002			
Turnover	7,089,275	6,579,502	13,668,777
Segment results	4,492,550	(4,079,936)	412,614
Share of profits/(losses) of associated companies	10,863,576	-	10,863,576
Profit before taxation			11,276,190
Taxation			(2,531,970)
Profit attributable to shareholders			8,744,220
Segment assets	374,984,163	47,487,528	422,471,691
Common assets			62,234,395
Total assets			484,706,086
Segment liabilities	1,100,482	1,659,954	2,760,436
Common liabilities			69,571
Total liabilities			2,830,007
Year ended 31st March 2001			
Turnover	7,479,146	9,497,058	16,976,204
Segment results	4,153,662	1,296,846	5,450,508
Share of profits/(losses) of associated companies	(2,194,598)	-	(2,194,598)
Profit before taxation			3,255,910
Taxation			(2,901,114)
Profit attributable to shareholders			354,796
Segment assets	390,839,641	51,303,989	442,143,630
Common assets			54,578,219
Total assets			496,721,849
Segment liabilities	1,348,088	6,231,747	7,579,835
Common liabilities			473,275

Total liabilities	8,053,111
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3. Taxation

	2002	2001
	HK\$	HK\$
Company and subsidiary companies		
Provision for the year	260,066	216,941
Over provision in prior years	(317)	(4,526)
Associated companies		
Provision for the year	2,338,232	2,698,679
Over provision in prior years	(66,011)	(9,980)
	2,531,970	2,901,114

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits for the year. There are no material timing differences not provided for in the accounts.

4. Dividends

	2002	2001
	HK\$	HK\$
2002 interim of nil (2001: 1.1 cents) per share	-	1,330,560
2002 final proposed of 2.0 (2001: 2.8 cents) per share	2,419,200	3,386,880
	2,419,200	4,717,440

In accordance with the revised SSAP 9 Events after the balance sheet date, dividends proposed or declared after the balance sheet date are no longer recognised as liabilities at the balance sheet date. This change in accounting policy has been applied retrospectively and as a result, reserves of the Group and the Company as at 31st March 2001 have been increased by HK\$3,386,880 (2000: HK\$4,717,400).

5. Earnings per share

The calculation of earnings per share is based on the profit attributable to shareholders of

HK\$8,744,220 (2001: HK\$354,796) and on 120,960,000 ordinary shares in issue during the year.

DIVIDENDS

The Board has resolved to recommend a final dividend of 2.0 cents (2001: 2.8 cents) per share for the year ended 31st March 2002. No interim dividend had been declared or paid (2001: 1.1 cents per share) during the year, total dividend for the year will amount to 2.0 cents (2001: 3.9 cents) per share. Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the proposed final dividend of 2.0 cents per share will be payable on Friday, 30th August 2002 to shareholders whose names appear on the Register of Members of the Company on Friday, 23rd August 2002.

CLOSURE OF REGISTER OF MEMBERS

The Transfer Books and Register of Members of the Company will be closed from Friday, 16th August 2002 to Friday, 23rd August 2002, 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 26th Floor, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong not later than 4:00 p.m. on Thursday, 15th August 2002.

FINANCIAL RESULTS

In the face of a global economic downturn, investment confidence was further undermined by the September 11 tragedy in the United States. The Federal Reserve of the United States, in an attempt to stimulate the economy, implemented a series of interest rate cuts. However, the stock market persisted to underperform. Such weak economic conditions undoubtedly also had certain adverse consequences on the Group's business.

For the year ended 31st March 2002, the Group's turnover decreased by approximately 19.5% to HK\$13,668,777 (2001: HK\$16,976,204). This is mainly attributable to a contraction of interest income. The recorded interest income was a total of HK\$3.8 million lower than that of the previous year. Revenue from Construction Supervision Business was HK\$1.5 million which was HK\$0.5 million below that of the previous year. However, this was overshadowed by increases in rental and

management fee income of HK\$1 million.

The Group's net profit attributable to shareholders for the year ended 31st March 2002, nevertheless increased to HK\$8,744,220 (2001: HK\$354,796), nearly 24.6 times over that of the previous year. This was due to the notable reduction of nearly 78.7% in revaluation deficits required for the Group's investment properties. A total of HK\$4.2 million was recorded in the profit and loss account, which was HK\$15.6 million lower than that of the previous year. As a reflection of the shaky worldwide equity markets, the Hong Kong stock market remained weak in spite of the low interest rates. The Group, hence, experienced unavoidable losses in securities investment. A loss of about HK\$8.9 million was recorded in this operation. These losses were greater than that of the last year by HK\$3.7 million.

BUSINESS REVIEW

Property investment, management and building contractor

In spite of the weak domestic demand and the excessive supply in the local rental market, the Group's investment properties still performed satisfactorily. The 25-storey Horizon Plaza at Ap Lei Chau and most of the luxury residential units are currently fully occupied and rented out with satisfactory returns. It is anticipated that the Group will maintain a steady stream of revenue from this operation in the forthcoming year. The renovation works to upgrade the shopping arcade at Midland Centre, carried out late 1999, has also improved both occupancy and rental income. A decline in overheads further enhanced profit.

The Group's Property Management Business recorded growth in turnover and profitability last year. Together with the Rental Operation Sector, these two sectors continue to be the main pillars of the Group's profits during the year.

However, the sluggish construction market led to shrinkage in turnover of the Group's Building Contractor Business for the year under review. But given the thin margin of this operation, the reduction in profitability was insignificant.

The Group is considering changing its approach towards its investment property of Belair Villa at Fanling, in which the Group has 25% interest. Subsequent to the year under review, the Group has proceeded to formulate its marketing programmes for the sale of this property.

Subsequent to the year under review, two car-parking spaces at Festigood Centre have been sold. No other fixed assets were acquired or disposed of during the year ended 31st March 2002.

Investments and corporate services

The Group's Investment Business performed unsatisfactorily mainly due to the shaky worldwide equity markets, particularly since the weeks following the September 11 event. Realized gains from sales of the Group's equity investments were all squeezed out. On the other hand, increased management fee income coupled with savings in overheads had reduced the impact from losses in listed investments.

Employee Information

The Group has less than 20 employees and their remuneration are maintained at competitive levels. 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 result 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\$62.2 million at 31st March 2002. The Board believes that the Group has sufficient financial resources for its operations. The Group has no exposure to foreign exchange rate fluctuation and material contingent liabilities.

Other than as disclosed above, the Directors are not aware of any other material changes to the information in relation to the Group's performance and the material factors underlying its results and financial position published in the annual report for the year ended 31st March 2001.

PROSPECTS

Looking ahead, as part of the Group's strategy to continue strengthening its business operations and lowering operating overheads, the Management will continue to implement effective control measures in order to enhance the Group's turnover and overall margins.

In spite of the present lacklustre market conditions, the Group will continue focusing on its core business in Hong Kong. Local business environment will hence undoubtedly determine much of the Group's results. Mostly attributable to low interest rates, developer incentives and pro-housing

policies promulgated by the Government, the volume of sales in the residential property market has improved since the later part of last year but has tapered off recently. A sustainable recovery is strongly anticipated through a restoration of confidence in the property market along with a reduction in future supply. Uncertainty nevertheless lingers in the face of adverse news involving massive layoffs, wage cuts, persisting deflation, growing jobless and personal bankruptcy rates as well as excessive future supply from both the Government and most large developers. In the global context, the news of US corporations' accounting scandals and tensions in the Middle East have also aggravated the lack of confidence in worldwide equity market, precipitating the local bearish sentiment.

Given the current challenging and uncertain market conditions, the Management will remain prudent and conservative in investing its cash resources. However, some of these adverse elements listed above will very possibly be mitigated by other auspicious factors such as the business opportunities following China's admission to the World Trade Organization and the positive GDP growth. In addition, continuing low yields on bank deposits also spurs incentives for alternative investments. Most property end-users will consequently find it more affordable to buy than to rent. Hence, in spite of some market uncertainties, the Directors remain confident regarding the performance of the Group. Well endowed with a strong foundation, long established experience in the property business and a debt-free financial position, the Group is more than ready to grasp the opportunities of a recovering economy.

AUDIT COMMITTEE

Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, an audit committee, comprising three Independent Non-executive Directors, namely Mr. Lam Hon Keung, Keith, Mr. John Ho and Mr. Ng Kwok Tung was set up.

By reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Society of Accountants, written terms of reference which describe the authority and duties of the audit committee were prepared and adopted by the Board of the Company. The principal activities of the audit committee include the review and supervision of the Group's financial reporting process and internal controls.

PUBLICATION OF DETAILED ANNUAL RESULTS ON WEBSITE OF STOCK EXCHANGE OF HONG KONG LIMITED

A detailed results announcement containing all information required by paragraphs 45(1) to 45(3)

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of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

By Order of the Board
Raymond Chu Wing Man
Company Secretary

Hong Kong, 12th July 2002

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Members of the Company will be held at Room 2500, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong on Friday, 23rd August 2002 at 12:00 noon for the following purposes:

1. To receive, consider and adopt the Audited Accounts and the Reports of the Directors and Auditors for the year ended 31st March 2002.
2. To declare a final dividend for the year ended 31st March 2002.
3. To re-elect Directors and fix the Directors' fees.
4. To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company and authorize the Board to fix their remuneration.
5. As special business, to consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

(A) "THAT:

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase issued shares of HK\$0.65 each ("Shares") in the capital of the Company subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, be and is hereby generally and unconditionally approved;

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- (b) the aggregate nominal amount of Shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of Shares of the Company in issue at the date of this resolution and the said approval shall be limited accordingly; and
 - (c) for the purposes of this resolution, "Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:
 - (i) the conclusion of the next Annual General Meeting of the Company;
 - (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Companies Ordinance to be held; and
 - (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting."
- (B) "THAT the general mandate unconditionally given to the Directors to issue and dispose of additional shares not exceeding 20% of the existing issued share capital of the Company be and is hereby renewed until whichever is the earlier of:
- (a) the conclusion of the next Annual General Meeting of the Company;
 - (b) the expiration of the period within which the next Annual General Meeting of the Company is required by the Companies Ordinance to be held; and
 - (c) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting."
- (C) "THAT conditional upon the passing of the Resolutions Nos. 5(A) and 5(B), the general mandate granted to the Directors to issue and dispose of additional shares pursuant to Resolution No. 5(B) be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution No. 5(A), provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing this resolution."
6. As special business, to consider and, if thought fit, pass the following resolution as a Special Resolution:

"THAT the Articles of Association of the Company be and is hereby amended in the following manner:

- (A) By adding the following definitions and marginal notes immediately after the definition of "dollars" and the marginal notes thereof in Article 2:

electronic communication "electronic communication" shall mean a communication sent by electronic transmission in any form through any medium;

Entitled Person "Entitled Person" shall mean an "entitled person" as defined under Section 2(1) of the Companies Ordinance;

- (B) By adding the following definition and marginal note immediately after the definition of "Hong Kong" and the marginal note thereof in Article 2:

the Listing Rules "the Listing Rules" shall mean the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and any amendments thereto for the time being in force;

- (C) By adding the following definition and marginal note immediately after the definition of "the register" and the marginal note thereof in Article 2:

relevant financial documents "relevant financial documents" shall mean the "relevant financial documents" as defined under Section 2(1) of the Companies Ordinance;

- (D) By adding the following definition and marginal note immediately after the definition of "shareholders" or "members" and the marginal note thereof in Article 2 :

summary financial report "summary financial report" shall mean the "summary financial report" as defined under Section 2(1) of the Companies Ordinance;

- (E) By deleting Article 167 in its entirety and the marginal note thereof and substituting therefor the following Article and marginal note:

relevant financial documents and/or summary financial 167. (A) The Board shall from time to time in accordance with the provisions of the Companies Ordinance cause to be prepared and laid before the Company at its annual general meeting the relevant financial documents.

report to be sent
to members

- (B) Subject to paragraph (C) below, the Company shall send to every Entitled Person a copy of the relevant financial documents or (subject to compliance with the relevant provisions of the Companies Ordinance and the Listing Rules) the summary financial report not less than twenty-one days before the date of general meeting before which the relevant financial documents shall be laid.
 - (C) Where any Entitled Person ("Consenting Person") has, in accordance with the Companies Ordinance and the Listing Rules and any applicable laws, rules and regulations, consented or is deemed to have consented to treat the publication of the relevant financial documents and/or the summary financial report (as the case may be) on the Company's computer network to which such person may have access as discharging the Company's obligation under the Companies Ordinance to send a copy of the relevant financial documents and/or the summary financial report (as the case may be) to such person, then the publication by the Company on its computer network of the relevant financial documents and/or the summary financial report (as the case may be) not less than twenty-one days before the date of the relevant general meeting shall, in relation to such Consenting Person, be deemed to discharge the Company's obligations under paragraph (B).
- (F) By deleting Article 171 in its entirety and the marginal note thereof and substituting therefor the following Article and marginal note:

Services of notice 171. Any notice or document to be given or issued under these Articles shall be in writing, except that any such notice or document to be given or issued by or on behalf of the Company under these Articles (including any "corporate communication" within the meaning ascribed thereto in the Listing Rules) shall be in writing which may or may not be in a transitory form and may be recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or

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medium and information in visible form (including an electronic communication and publication on a computer network) whether having physical substance or not and may be served or delivered by the Company by any of the following means subject to and to such extent permitted by and in accordance with the Companies Ordinance, the Listing Rules and any applicable laws, rules and regulations:

- (i) personally;
- (ii) by sending it through the post in a properly prepaid letter, envelope or wrapper addressed to a member at his registered address as appearing in the register (in case of other Entitled Person, to such address as he may provide);
- (iii) by delivering or leaving it at such address as aforesaid;
- (iv) by advertisement in an English language newspaper and a Chinese language newspaper in Hong Kong;
- (v) by transmitting it as an electronic communication to the Entitled Person at his electronic address as he may provide; or
- (vi) by publishing it on the Company's computer network, giving access to such network to the Entitled Person and giving to such person a notice of publication of such notice or document.

In the case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the register and notice so given shall be sufficient notice to all the joint holders.

- (G) By deleting Article 173 in its entirety and the marginal note thereof and substituting therefor the following Article and marginal note:

When notice deemed 173. Any notice or document (including any "corporate to be served communication" within the meaning ascribed thereto in the Listing Rules) given or issued by or on behalf of the

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Company:

- (i) if sent by post, shall be deemed to have been served on the day following that on which the envelope or wrapper containing the same is put into a post office situated within Hong Kong and in proving such service it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly prepaid (and in the case of an address outside Hong Kong where airmail service can be extended thereto airmail postage prepaid), addressed and put into such post office and a certificate in writing signed by the Secretary or other person appointed by the Board that the envelope or wrapper containing the notice or document was so properly prepaid, addressed and put into such post office shall be conclusive evidence thereof;
 - (ii) if sent as an electronic communication, shall be deemed to have been served at the time when the notice or document is transmitted electronically provided that no notification that the electronic communication has not reached its recipient has been received by the sender, except that any failure in transmission beyond the sender's control shall not invalidate the effectiveness of the notice or document being served; and
 - (iii) if published on the Company's computer network, shall be deemed to have been served on the day on which the notice or document is published on the Company's computer network to which the Entitled Person may have access and the notice of such publication is given to such person.
- (H) By deleting Article 174 in its entirety and the marginal note thereof and substituting therefor the following Article and marginal note:

Services of notice to174. A notice or document may be given by or on behalf of the persons entitled on death, mental disorder or bankruptcy of a Company to the person entitled to a share in consequence of the death, mental disorder or bankruptcy of a member in such manner as provided in Article 171 in which the same might

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member have been given if the death, mental disorder or bankruptcy had not occurred.

- (I) By deleting the words "by post to, or left at the registered address of any member" in the first and second lines of Article 176 and substituting therefor the words 'to any member in such manner as provided in Article 171.'
- (J) By deleting Article 177 in its entirety and the marginal note thereof and substituting therefor the following Article and marginal note:

How notice to be signed	177. (A) The signature to any notice or document by the Company may be written, printed or made electronically.
Language(s) used in notice	(B) Subject to any applicable laws, rules and regulations, any notice or document, including but not limited to the documents referred to in Article 167 and any "corporate communication" within the meaning ascribed thereto in the Listing Rules, may be given in the English language only, in the Chinese language only or in both the English language and the Chinese language."

By Order of the Board
Raymond Chu Wing Man
Company Secretary

Hong Kong, 12th July 2002

Notes:

- (i) A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.
- (ii) To be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with the Company's registered office, Room 2500, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting thereof.
- (iii) The Register of Members of the Company will be closed from Friday, 16th August 2002 to Friday, 23rd August 2002, both days inclusive, during which period no transfer of shares will

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be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Hongkong Managers and Secretaries Limited, 26th Floor, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong for registration not later than 4:00 p.m. on Thursday, 15th August, 2002.

- (iv) Concerning item 5 above, the present general mandates given by members to the Directors to issue and to repurchase shares of the Company expire at the conclusion of the forthcoming Annual General Meeting and, accordingly, a renewal of these general mandates is now being sought. The Directors wish to state that they have no immediate plans to issue any new shares or to repurchase any shares of the Company.
- (v) The Directors wish to state that the above proposed Special Resolution No. 6 is to facilitate the flexibility under the recent amendments of the Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited which allow the Company to send corporate documents through electronic means, in either English language or Chinese language, and to offer members the choice to receive summary financial report in place of Annual Report. The new arrangement if adopted by the Company will result in a reduction of the volume and costs of printed documents.
- (vi) The translation into Chinese language of this notice (including the proposed Special Resolution No. 6 which contains the proposed new Articles) is for reference only. In case of any inconsistency, the English version shall prevail.

Please also refer to the published version of this announcement in the Standard.