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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Wah Ha Realty Company Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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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)**

### **PROPOSED GENERAL MANDATES TO ISSUE NEW SHARES AND REPURCHASE SHARES, AND PROPOSED RE-ELECTION OF RETIRING DIRECTORS AT THE ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting of Wah Ha Realty Company Limited (the "Company") to be held at Room 2500, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong on Friday, 25th August 2006 at 12:00 noon (the "2006 AGM") (the "Notice") is set out on pages 7 to 9 of the 2005/2006 annual report of the Company (the "2006 Annual Report"). Whether or not you intend to attend the 2006 AGM, you are requested to complete the accompanied form of proxy in accordance with the instructions printed thereon and return the same to 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 2006 AGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the 2006 AGM or at any adjourned meeting should you so wish.

This circular contains the information required pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") to be given to the shareholders of the Company (the "Shareholders").

28th July 2006

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## CONTENTS

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	<i>Page</i>
<b>LETTER FROM THE CHAIRMAN</b>	
Introduction .....	1
Proposed general mandate to issue shares .....	2
Proposed general mandate to repurchase shares .....	2
Proposed re-election of retiring directors at the 2006 AGM .....	3
Right to demand a poll .....	3
Proxy form .....	3
Recommendation .....	3
<b>APPENDIX I – EXPLANATORY STATEMENT .....</b>	<b>4</b>
<b>APPENDIX II – DETAILS OF RETIRING DIRECTORS SEEKING FOR RE-ELECTION AT THE 2006 AGM .....</b>	<b>7</b>
<b>APPENDIX III – RIGHT TO DEMAND A POLL .....</b>	<b>10</b>

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## LETTER FROM THE CHAIRMAN

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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)**

**Executive Directors:**

Mr. Cheung Kee Wee (*Chairman*)  
Mr. Cheung Lin Wee  
Mr. Cheung Ying Wai, Eric

**Registered Office:**

Room 2500, Dominion Centre,  
43-59 Queen's Road East,  
Wanchai, Hong Kong

**Non-executive Directors:**

Mr. John Ho  
Mr. Ng Kwok Tung

**Independent Non-executive Directors:**

Mr. Lam Hon Keung, Keith  
Mr. Chan Woon Kong  
Mr. Soo Hung Leung, Lincoln

Dear Shareholder(s),

**PROPOSED GENERAL MANDATES TO ISSUE NEW SHARES  
AND REPURCHASE SHARES,  
AND PROPOSED RE-ELECTION OF RETIRING DIRECTORS  
AT THE 2006 AGM**

**INTRODUCTION**

At the annual general meeting of the Company held on 23rd August 2005, a general mandate was given to the directors of the Company (the "Directors") to exercise the power of the Company to repurchase its own shares. Such general mandate will lapse at the conclusion of the 2006 AGM unless it is renewed at that meeting.

The purpose of this circular is to provide you with information regarding the ordinary resolutions to be proposed at the 2006 AGM relating to (i) the granting of general mandates to the Directors for the issue and repurchase of fully-paid up ordinary shares of HK\$0.65 each of the Company (the "Share(s)") and (ii) the proposed re-election of Directors who are due to retire at the 2006 AGM.

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## LETTER FROM THE CHAIRMAN

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### **PROPOSED GENERAL MANDATE TO ISSUE SHARES**

Resolution No. 5(B) as set out in the Notice (“Resolution 5(B)”) will be proposed as an ordinary resolution to grant a general and unconditional mandate to the Directors to allot, issue and deal with new Shares representing up to 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing the resolution. In addition, subject to the passing of resolution no. 5(A) as set out in the Notice (“Resolution 5(A)”), resolution 5(C) as set out in the Notice (“Resolution 5(C)”) will be proposed as an ordinary resolution to extend the authority of the Directors to allot, issue and deal with additional Shares representing the number of Shares repurchased under the repurchase mandate as hereinafter mentioned.

The Directors wish to state that they have no present intention to allot, issue or deal with any new Shares of the Company. Approval is being sought from the Shareholders as a general mandate for the purposes of Section 57B of the Companies Ordinance and the Listing Rules.

### **PROPOSED GENERAL MANDATE TO REPURCHASE SHARES**

At the 2006 AGM, Resolution 5(A) will be proposed as an ordinary resolution pursuant to which the Directors will be granted a general and unconditional mandate to exercise all the powers of the Company to repurchase issued and fully-paid Shares on the Stock Exchange not exceeding 10 per cent of the aggregate nominal amount of the issued share capital of the Company at the date of passing the resolution (the “Repurchase Mandate”) subject to the criteria set out in the resolution.

Shareholders should note that the authority relates only to repurchases made on the Stock Exchange and otherwise in accordance with the Listing Rules. In addition, Shareholders should also note that the general mandate will continue in force until the earliest 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 such authority is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

An explanatory statement, as required by the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listings on the Stock Exchange of their own securities on the Stock Exchange, to provide requisite information to you for your consideration of the proposed Repurchase Mandate is set out in **APPENDIX I** to this circular.

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## LETTER FROM THE CHAIRMAN

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### PROPOSED RE-ELECTION OF RETIRING DIRECTORS AT THE 2006 AGM

In accordance with Article 103(A) of the Company's Articles of Association, Mr. Cheung Ying Wai, Eric, Mr. Chan Woon Kong and Mr. Soo Hung Leung, Lincoln will retire by rotation at the 2006 AGM and they, being eligible, offer themselves for re-election.

Details of the above Directors which are required to be disclosed under the Listing Rules are set out in **APPENDIX II** to this circular.

### RIGHT TO DEMAND A POLL

The ordinary resolutions mentioned above are set out in the Notice. Your right to demand a poll on the proposed resolutions at the 2006 AGM is set out in **APPENDIX III** to this circular.

### PROXY FORM

Proxy form for use at the 2006 AGM is enclosed herewith. The proxy form can also be downloaded from the Company's website at <http://www.wahha.com>. Whether or not you are able to attend the 2006 AGM, you are requested to complete, sign and return the enclosed proxy form in accordance with the instructions printed thereon to the Company's registered office at Room 2500, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the 2006 AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the 2006 AGM or any adjournment thereof should you so wish.

### RECOMMENDATION

The Directors consider that the ordinary resolutions as set out in the Notice are all in the best interests of the Company and its shareholders. Accordingly, the Directors recommend you to vote in favour of such resolutions at the 2006 AGM.

Yours faithfully,

**Cheung Kee Wee**

*Chairman*

Hong Kong, 28th July 2006

*This Appendix serves as an explanatory statement which contains all the information required pursuant to the Listing Rules.*

## **1. SHARE CAPITAL**

As at 24th July 2006, being the latest practicable date prior to the printing of this circular (the “Latest Practicable Date”), the issued share capital of the Company comprised 120,960,000 Shares.

Subject to the passing of Resolution 5(A) approving the Repurchase Mandate and on the basis that no further Shares will be issued or repurchased by the Company prior to the 2006 AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 12,096,000 fully-paid up Shares, representing 10% of the issued share capital of the Company.

## **2. REASONS FOR REPURCHASE**

The Directors believe that it is in the best interests of the Company and its shareholders to seek a general authority from the Shareholders to enable the Directors to repurchase Shares in the market. Repurchases of Shares will only be made when the Directors believe that such repurchases will benefit the Company and its shareholders. Such repurchases may, depending on market conditions and funding arrangement at the time, lead to an enhancement of the net asset value and/or earnings per Share.

## **3. SOURCES OF FUNDS**

Repurchases would be financed entirely from the Company’s funds legally available for the purpose in accordance with the applicable laws of the Hong Kong Special Administrative Region (the “HKSAR”) and the Memorandum and Articles of Association of the Company, being distributable profit of the Company and/or the proceeds of a fresh issue of Shares made for the purpose of the repurchases. It is envisaged that the funds required for any repurchase would be derived from such sources.

## **4. WORKING CAPITAL OF GEARING**

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the Company’s audited financial statements for the year ended 31st March 2006 in the 2006 Annual Report) in the event that the Repurchase Mandate were to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working

capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company, unless circumstances justify the share repurchase.

#### **5. DIRECTORS AND THEIR ASSOCIATES**

None of the Directors, to the best of their knowledge and belief having made all reasonable enquiries, nor any of their associates (as defined under the Listing Rules), has any present intention to sell any Shares to the Company if the Repurchase Mandate is approved by the Shareholders.

#### **6. UNDERTAKING OF THE DIRECTORS**

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make repurchases pursuant to Repurchase Mandate in accordance with the Listing Rules, all applicable laws of the HKSAR, and the regulations set out in the Memorandum and Articles of Association of the Company.

#### **7. CONNECTED PERSONS**

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he has a present intention to sell shares to the Company, or has undertaken not to do so, in the event that the Company is authorized to make repurchases of Shares.

#### **8. EFFECTS OF TAKEOVERS CODE**

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Hong Kong Code on Takeovers and Mergers ("Takeover Code"). Accordingly, a shareholder or group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeover Code.

As at the Latest Practicable Date, Mr. Cheung Kung Hai, deceased (the "Deceased") remained a registered shareholder of the Company holding 87,391,440 shares (the "Deceased's Shares"), representing approximately 72.25 per cent of the issued share capital of the Company, and was the only shareholder holding more than 10 per cent of the issued share capital of the Company. Accordingly, the Deceased's Shares cannot be dealt with until the Probate is duly granted by the Court. To the best of the Directors' knowledge, an Affidavit for the Commissioner together with four Corrective Affidavits have been submitted to the Estate Duty Office.

In the event that the proposed Repurchase Mandate were exercised in full, the shareholding of the Deceased in the Company would be increased to approximately 80.28 per cent of the issued share capital of the Company, resulting in the aggregate amount of the issued share capital of the Company in public hands being reduced to approximately 17.27 per cent. In the opinion of the Directors, exercise in full of the Repurchase Mandate will not give rise to an obligation on the Deceased to make a mandatory offer under Rules 26 and 32 of the Takeover Code. The Directors have no present intention to exercise the proposed Repurchase Mandate to such an extent as would result in the issued share capital of the Company in public hands falling below 25 per cent.

## 9. SHARE PURCHASE BY THE COMPANY

The Company has not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

## 10. SHARE PRICES

The highest and lowest prices at which the Shares traded on the Stock Exchange during each of the previous twelve months from July 2005 to the Latest Practicable Date were as follows:

	Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2005</b>		
July	1.56	1.47
August	1.48	1.42
September*	1.42	1.42
October	1.42	1.20
November	1.20	1.16
December	1.25	1.19
<b>2006</b>		
January	1.37	1.25
February	1.45	1.33
March	1.52	1.38
April	1.59	1.36
May	1.65	1.50
June	1.52	1.52
July up to the Latest Practicable Date	1.65	1.52

\* There was no trading in the Shares during the month.



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## APPENDIX II                      DETAILS OF RETIRING DIRECTORS SEEKING FOR RE-ELECTION AT THE 2006 AGM

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*In accordance with Article 103(A) of the Articles of Association of the Company, Mr. Cheung Ying Wai, Eric, Mr. Chan Woon Kong and Mr. Soo Hung Leung, Lincoln will retire from office and they, being eligible, will offer themselves for re-election at the 2006 AGM. Their details are as follows:*

1. **Mr. Cheung Ying Wai, Eric**, aged 44, joined the Group and appointed an Executive Director of the Company in 1999. Mr. Cheung holds a Bachelor Science Degree. He is mainly responsible for the general management of the Group. He is the son of the Deceased, a shareholder holding more than 10 per cent of the issued share capital of the Company, and the brother of Mr. Cheung Kee Wee and Mr. Cheung Lin Wee, Executive Directors of the Company. Mr. Cheung has not held any directorship in any other listed companies in the last three years.

As at the Latest Practicable Date, the interests and short positions of Mr. Cheung in the Shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

### Long Positions in Shares

Personal Interests	Other Interests	Total	% of issued share capital
396,000	13,444,837( <i>Note</i> )	13,840,837	11.44

*Note:* Mr. Cheung Ying Wai, Eric is one of the beneficiaries under the Will of the Deceased who held 87,391,440 shares before his death, there is a possibility that these 13,444,837 shares will be allocated to him under the Will of the Deceased. Since Probate has not been granted and the Executors are not yet registered as holders of the Deceased’s Shares in question, strictly speaking, the beneficial interests of Mr. Cheung in the said shares is pending to be confirmed by the grant of probate.

Mr. Cheung does not have a service agreement with the Company but is subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company. For the year ended 31st March 2006, Mr. Cheung received a Director’s fee of HK\$50,000 per annum which was approved by the Shareholders at the 2005 annual general meeting of the Company with reference to the Group’s performance and profitability as well as the prevailing market conditions. The Director’s fee for the year ended 31st March 2007, being reviewed by the Remuneration Committee with reference to the Company’s performance and profitability as well as the remuneration benchmark in the industry, will be determined by the Shareholders at the 2006 AGM.

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## APPENDIX II                      DETAILS OF RETIRING DIRECTORS SEEKING FOR RE-ELECTION AT THE 2006 AGM

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During the current term of office of Mr. Cheung, he was convicted of failing to disclose to the Stock Exchange and the Company, under Section 28(2)(a) and Section 28(8)(a) of the repealed Securities (Disclosure of Interests) Ordinance, Chapter 396, of (i) his interest in 11,295,600 shares in the Company and 49,999 shares in E. Hing Cheung Realty Limited, an associated corporation of the Company, on or about 2nd September 2002; and (ii) his cessation of interest in 11,295,600 shares in the Company on 17th October 2002. Consequently, on 18th November 2003, he was fined a sum of HK\$15,000 at the Western Magistracy and was ordered to pay the investigation costs of HK\$4,685 to the Securities and Futures Commission.

Save as disclosed above, there are no other matters concerning Mr. Cheung that need to be brought to the attention of the Shareholders nor is there any information that need to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

2. **Mr. Chan Woon Kong**, aged 72, was appointed an Independent Non-executive Director of the Company in 2004. He was also appointed a member of the Audit Committee and the Remuneration Committee of the Company in 2004 and 2005 respectively. Mr. Chan has over 40 years' extensive experience in the banking industry in Hong Kong, serving in senior management of various banks including Far East Bank Limited, First Pacific Bank Limited and The Bank of East Asia, Limited. He is currently the Senior Vice President of United Commercial Bank in Hong Kong. Mr. Chan has not held any directorship in any other listed companies in the last three years.

As at the Latest Practicable Date, Mr. Chan did not hold any Shares within the meaning of Part XV of the SFO. He is not connected with any other directors, senior management or substantial or controlling shareholders of the Company. Mr. Chan does not have a service agreement with the Company but is subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company. For the year ended 31st March 2006, Mr. Chan received a Director's fee of HK\$50,000 per annum which was approved by the Shareholders at the 2005 annual general meeting of the Company with reference to the time and responsibilities committed by him. The Director's fee for the year ended 31st March 2007 will be determined by the Shareholders at the 2006 AGM.

Save as disclosed above, there are no other matters concerning Mr. Chan that need to be brought to the attention of the Shareholders nor is there any information that need to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

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## APPENDIX II                      DETAILS OF RETIRING DIRECTORS SEEKING FOR RE-ELECTION AT THE 2006 AGM

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3. **Mr. Soo Hung Leung, Lincoln, J.P.**, aged 61, was appointed an Independent Non-executive Director of the Company in 2004. He was also appointed a member of the Audit Committee of the Company in 2004 and the Chairman of the Remuneration Committee of the Company in 2005. Mr. Soo holds a master's degree in business administration. He is currently a stock broker and Chairman of Soo Pei Shao & Co. Ltd., an independent non-executive director of Wing Lung Bank Limited and a non-executive director of Applied International Holdings Limited. He is also a member of the HKSAR Insider Dealing Tribunal and the Committee of the Spastics Association, Chairman of the English Advisory Committee of the Baptist University and the Chairman of the HKSAR Board of Review (Film Censorship). Save as disclosed above, Mr. Soo has not held any directorship in any other listed companies in the last three years.

As at the Latest Practicable Date, Mr. Soo did not hold any Shares within the meaning of Part XV of the SFO. He is not connected with any other directors, senior management or substantial or controlling shareholders of the Company. Mr. Soo does not have a service agreement with the Company but is subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company. For the year ended 31st March 2006, Mr. Soo received a Director's fee of HK\$50,000 per annum which was approved by the Shareholders at the 2005 annual general meeting of the Company with reference to the time and responsibilities committed by him. The Director's fee for the year ended 31st March 2007 will be determined by the Shareholders at the 2006 AGM.

Save as disclosed above, there are no other matters concerning Mr. Soo that need to be brought to the attention of the Shareholders nor is there any information that need to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

*Article 74 of the Company's Articles of Association sets out the right of Shareholders to demand a poll:*

*At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:*

- (i) by the Chairman of the meeting; or
- (ii) by at least three members present in person or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) by a member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Unless a poll be so demanded and not withdrawn, a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.