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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 31 March 2016

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 31 March 2016, with comparative figures for the previous year, are as follows: -

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 HK\$	2015 HK\$
Revenues	2	46,805,487	19,716,714
Changes in fair value of investment properties		(14,350,786)	7,100,000
Net fair value gains/(losses) on financial assets at fair value through profit or loss		886,111	(138,462)
Other (losses)/gains, net	4	(2,794,803)	227,932
Direct outgoings in relation to properties that generate income	5	(576,708)	(412,602)
Cost of sales of completed properties	5	(2,766,031)	(404,950)
Staff costs	5	(6,998,463)	(6,393,290)
Other operating expenses	5	(1,633,434)	(1,361,322)
Operating profit		18,571,373	18,334,020
Share of profits less losses of associated companies		51,795,060	60,998,885
Profit before income tax		70,366,433	79,332,905
Income tax expense	6	(4,981,966)	(885,996)
Profit and total comprehensive income attributable to equity holders of the Company		65,384,467	78,446,909
Dividends	7	56,851,200	43,545,600
Earnings per share (Basic and diluted)	8	0.54	0.65

**CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2016**

	Note	2016 HK\$	2015 HK\$
ASSETS			
Non-current assets			
Investment properties		194,000,000	73,000,000
Investments in associated companies		744,454,695	751,009,635
Amounts due from associated companies		-	1,577,179
Available-for-sale financial assets		250,448	250,448
Deferred income tax assets		1,574,373	1,094,631
		<u>940,279,516</u>	<u>826,931,893</u>
Current assets			
Completed properties held for sale		2,805,463	5,243,989
Amounts due from associated companies		31,912,510	34,336,010
Trade and other receivables	9	1,000,999	1,444,076
Tax recoverable		10,411	38,093
Financial assets at fair value through profit or loss		4,035,744	3,149,633
Cash and bank balances		285,398,454	363,545,473
		<u>325,163,581</u>	<u>407,757,274</u>
Total assets		<u><u>1,265,443,097</u></u>	<u><u>1,234,689,167</u></u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		78,624,000	78,624,000
Retained profits			
- Proposed dividends		42,336,000	30,240,000
- Others		1,093,336,588	1,084,803,321
		<u>1,135,672,588</u>	<u>1,115,043,321</u>
Total equity		<u><u>1,214,296,588</u></u>	<u><u>1,193,667,321</u></u>

	Note	2016 HK\$	2015 HK\$
LIABILITIES			
Current liabilities			
Amounts due to associated companies		42,801,309	36,233,883
Trade and other payables	10	3,851,110	4,222,438
Tax payable		4,494,090	565,525
Total liabilities		<u>51,146,509</u>	<u>41,021,846</u>
Total equity and liabilities		<u>1,265,443,097</u>	<u>1,234,689,167</u>
Net current assets		<u>274,017,072</u>	<u>366,735,428</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable 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.

Amendment to HKAS 19	Defined Benefit Plans
Amendment to HKFRSs	Annual Improvements 2010-2012 Cycle
Amendment to HKFRSs	Annual Improvements 2011-2013 Cycle
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date and Transition Disclosures

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 nor any substantial changes in the Group’s accounting policies and presentation of the financial information.

2. REVENUES

	2016	2015
	HK\$	HK\$
Rental income		
Investment properties	1,290,516	1,175,807
Other properties	3,987,795	4,499,724
Sales of completed properties held for sale	35,483,900	6,805,000
Management fee income	1,406,352	1,344,117
Bank interest income	4,473,523	5,638,709
Dividend income - Listed investments	81,801	79,957
Construction supervision fee income	81,600	173,400
	<u>46,805,487</u>	<u>19,716,714</u>

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 31 March 2016			
Revenues	<u>42,250,163</u>	<u>4,555,324</u>	<u>46,805,487</u>
Segment results	<u>22,802,099</u>	<u>2,595,846</u>	25,397,945
Unallocated costs			<u>(6,826,572)</u>
Operating profit			18,571,373
Share of profits less losses of associated companies	51,795,060	-	<u>51,795,060</u>
Profit before income tax			70,366,433
Income tax expenses			<u>(4,981,966)</u>
Profit attributable to equity holders of the Company			<u>65,384,467</u>
Segment assets	229,529,195	289,874,424	519,403,619
Associated companies	744,454,695	-	744,454,695
Unallocated assets			1,584,783
Total assets			<u>1,265,443,097</u>
Segment liabilities	45,429,964	-	45,429,964
Unallocated liabilities			5,716,545
Total liabilities			<u>51,146,509</u>
Changes in fair value of investment properties	(14,350,786)	-	<u>(14,350,786)</u>

	Property development, investment and management HK\$	Investments HK\$	Total HK\$
Year ended 31 March 2015			
Revenues	<u>13,998,048</u>	<u>5,718,666</u>	<u>19,716,714</u>
Segment results	<u>18,509,466</u>	<u>5,723,712</u>	24,233,178
Unallocated costs			<u>(5,899,158)</u>
Operating profit			18,334,020
Share of profits less losses of associated companies	60,998,885	-	<u>60,998,885</u>
Profit before income tax			79,332,905
Income tax expenses			<u>(885,996)</u>
Profit attributable to equity holders of the Company			<u>78,446,909</u>
Segment assets	115,118,356	367,428,452	482,546,808
Associated companies	751,009,635	-	751,009,635
Unallocated assets			<u>1,132,724</u>
Total assets			<u>1,234,689,167</u>
Segment liabilities	39,512,399	-	39,512,399
Unallocated liabilities			<u>1,509,447</u>
Total liabilities			<u>41,021,846</u>
Changes in fair value of investment properties	7,100,000	-	<u>7,100,000</u>

4. OTHER (LOSSES) / GAINS, NET

	2016 HK\$	2015 HK\$
Net exchange (losses)/gains	(2,845,590)	143,508
Sundries	50,787	84,424
	<u>(2,794,803)</u>	<u>227,932</u>

5. EXPENSES BY NATURE

	2016 HK\$	2015 HK\$
Direct outgoings in relation to properties that generate income		
Investment properties	443,778	200,014
Other properties	132,930	212,588
	<u>576,708</u>	<u>412,602</u>
Cost of sales of completed properties	<u>2,766,031</u>	<u>404,950</u>
Staff costs (including Directors' remuneration)		
Salaries and other emoluments	6,635,110	6,056,889
Contributions to retirement schemes	363,353	336,401
	<u>6,998,463</u>	<u>6,393,290</u>
Other operating expenses		
Auditor's remuneration		
Audit fees	539,300	509,200
Non-audit fees	162,000	158,900
Others	932,134	693,222
	<u>1,633,434</u>	<u>1,361,322</u>

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the year.

	2016 HK\$	2015 HK\$
Hong Kong profits tax		
Provision for the year	(5,461,708)	(1,217,851)
Deferred income tax	479,742	331,855
	<u>(4,981,966)</u>	<u>(885,996)</u>

7. DIVIDENDS

	2016 HK\$	2015 HK\$
Interim dividend paid of HK12 cents (2015: HK11 cents) per share	14,515,200	13,305,600
Proposed final dividend of HK11 cents (2015: HK11 cents) per share	13,305,600	13,305,600
Proposed special dividend of HK24 cents (2015: HK14 cents) per share	29,030,400	16,934,400
	<u>56,851,200</u>	<u>43,545,600</u>

At the Board meeting held on Wednesday, 29 June 2016, the Board of Directors proposed a final dividend of HK11 cents per share and a special dividend of HK24 cents per share. These proposed dividends will be accounted for as an appropriation of retained profits for the year ending 31 March 2017.

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.

	2016 HK\$	2015 HK\$
Profit attributable to equity holders of the Company	<u>65,384,467</u>	<u>78,446,909</u>
Weighted average number of ordinary shares in issue	<u>120,960,000</u>	<u>120,960,000</u>
Earnings per share (Basic and diluted)	<u>0.54</u>	<u>0.65</u>

The Company has no dilutive potential ordinary shares.

9. TRADE AND OTHER RECEIVABLES

	2016 HK\$	2015 HK\$
Trade receivables		
Within 3 months	250,465	245,455
Other receivables	447,352	964,965
Prepayments and utility deposits	303,182	233,656
	<u>1,000,999</u>	<u>1,444,076</u>

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 31 March 2016, trade receivables of HK\$250,465 (2015: HK\$245,455) 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 31 March 2016, there are no trade receivables of the Group individually determined to be impaired (2015: nil).

10. TRADE AND OTHER PAYABLES

	2016	2015
	HK\$	HK\$
Trade payables		
Within 3 months	-	2,500
Other payables	1,884,965	1,622,541
Rental and utility deposits received	1,079,218	1,178,925
Accrued expenses	886,927	730,472
Deposit received	-	688,000
	<u>3,851,110</u>	<u>4,222,438</u>

DIVIDENDS

The Company marks its 55th anniversary of incorporation this year. In appreciation of the shareholders' continued support, the Directors recommend the payment of a special dividend of HK24 cents (2015: HK14 cents) per share in addition to a final dividend of HK11 cents (2015: HK11 cents) per share for the year ended 31 March 2016. Together with the interim dividend of HK12 cents (2015: HK11 cents) per share, total dividends for the year amount to HK47 cents (2015: HK36 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 HK35 cents per share will be payable on Tuesday, 20 September 2016 to the shareholders whose names appear on the Register of Members of the Company on Monday, 12 September 2016.

CLOSURE OF REGISTER OF MEMBERS

The Transfer Books and Register of Members of the Company will be closed from Tuesday, 6 September 2016 to Monday, 12 September 2016, 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 Monday, 5 September 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Group's revenues for the year ended 31 March 2016 amounted to HK\$46.8 million, 2.37 times of the previous year. This significant increase was mainly attributable to the greater sales of properties for HK\$28.7 million recorded in the year under review, which was nevertheless partly offset by the reductions of both the rental income and interest income for HK\$0.4 million and HK\$1.2 million respectively.

For the year under review, the Group's profit attributable to equity holders was HK\$65.4 million, representing a decrease of about 16.7% from 2015. Amongst these, HK\$51.8 million (2015: HK\$61.0 million) were ascribed to the Group's share of the results of its associated companies. Earnings per share was HK\$0.54 as compared with HK\$0.65 of last year. Excluding the fair value change arising from revaluations of the Group's and its associated companies' investment properties, the after-tax profit was better than that of last year by HK\$20.3 million. This improvement was explained by the greater profits from sales of the Group's and its associated companies' properties for HK\$22.9 million, the better contributions from the Rental Business for HK\$1.3 million and the better result of the Group's investment portfolio for HK\$1.0 million. However, the lower interest income of HK\$1.2 million and net exchange losses of HK\$2.8 million for the year under review instead of net exchange gains of HK\$0.1 million of last year were the unfavourable factors of the year under review.

BUSINESS REVIEW

Property Development, Investment and Management

During the year under review, the Rental Business of the Group and its associated companies performed well. Despite the fact that the rental income was adversely affected by the recent years' disposals of properties, the after-tax contributions were HK\$1.3 million higher than that of last year. Better rental rates and occupancy were the major factors of this satisfactory result.

During the year under review, numerous disposals of properties were recorded by the Group and certain of its associated companies. The Group had disposed of 1 industrial unit in Fanling and its interests in 18 industrial units and 13 carpark in Tuen Mun. The aggregate after-tax profits recorded in this aspect were HK\$27.3 million. Further, certain associated companies had disposed of 1 industrial unit and 1 carpark in Fanling, 1 industrial unit in Tsing Yi, and 1 residential unit together with 1 carpark in the Peak. The Group's share of after-tax profits were HK\$11.0 million. Previous year's after-tax profits from sales of properties were HK\$15.4 million.

Subsequent to the financial year end, the residential property in Stanley acquired in 2015 for investment purpose was successfully leased out. Moreover, the Group had disposed of its interest in 2 carpark in Tuen Mun. Further, an associated company had entered into agreements to dispose of 2 industrial units in Tsing Yi. The estimated aggregate share of after-tax profits from these disposals would be around HK\$2.0 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.

Investments

During the year under review, the contribution from the Group's investment portfolio was greater than that of last year by HK\$1.0 million.

Significant depreciation and fluctuation of the exchange rate of RMB were seen in the year under review. The Group was inevitably affected and the net exchange losses reported was HK\$2.8 million whereas a corresponding net exchange gains of HK\$0.1 million was recorded in previous year. Further, the interest income was adversely affected by the lower effective bank deposit rates achieved during the year under review. A decrease in interest income of HK\$1.2 million was recorded.

PROSPECTS

In the United States, the Federal Reserve had finally raised the interest rate at the end of 2015. However, the pace of future hikes of interest rates seems to be moderate. Nevertheless, this conflicts with the quantitative easing measures adopted in the Eurozone and Japan. Turbulence and uncertainties in the global financial markets were caused when conflicting signs of economic figures were announced. The situation was further complicated by the refugees problems emerging in the European Union and the fact that the United Kingdom voted to leave the European Union. In China, its economy has undergone transformation and it takes time to adapt to a lower economic growth. The controversies of the sovereignty in the South China Sea is still one of the major geo-political issues to be resolved.

For the year under review, there were signs of weakening local economy. The year-on-year GDP growth went down from the peak of 7.5% in the 2nd Quarter 2015 to 3.1% in the 1st Quarter 2016. The seasonally adjusted unemployment rate rose to 3.4% for the latest quarter after a pro-long steady period of 3.3%. The inflation as reflected by the Consumer Price Index for April 2016 maintained at a relatively stable level of 2.7%. Both the imports and total exports had exhibited a downside trend for more than one year. The adverse impact of the persistent drops in retail sales, tourism and the property market may spread into other sectors of the local economy. The continuing and steady increase in land supply may exert downside pressure on property prices. All these will have negative effect on the businesses of the Group.

The uncertainties surrounding the global and local economy will be the challenges that the Group must cope with. The Group will act prudently and focus on our core business in order to bring about satisfactory returns to our shareholders.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2016, the Group had less than twenty employees and their remuneration are maintained at competitive levels. Total staff costs (including Directors' remuneration) amounted to HK\$7.0 million (2015: HK\$6.4 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\$285.4 million at 31 March 2016. 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 31 March 2016, save as disclosed in the Company's interim report for the six months ended 30 September 2015 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 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 2016 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 Au-Yang Cheong Yan, Peter 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 31 March 2016. The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 March 2016 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 31 March 2016 will be published and dispatched to the shareholders of the Company in late July 2016.

ANNUAL GENERAL MEETING AND RELEVANT NOTICE

It is proposed that the 2016 Annual General Meeting of the Company will be held on Friday, 2 September 2016 at 12:00 noon. Notice of the Annual General Meeting of the Company will be published and dispatched to the shareholders of the Company in late July 2016.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 29 August, 2016 to Friday, 2 September 2016, 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 2016 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 Friday, 26 August 2016.

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 Au-Yang Cheong Yan, Peter as Independent Non-executive Directors.

By Order of the Board
Raymond W. M. Chu
Company Secretary

Hong Kong, 29 June 2016