



華 厦 置 業 有 限 公 司

WAH HA REALTY COMPANY LIMITED

(Stock Code: 278)

2009 ANNUAL REPORT

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CORPORATE INFORMATION

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Cheung Kee Wee, *BBA, Chairman*

Aged 57. Joined the Group and appointed a director in 1976. Elected Chairman in 2000. A director in each of the subsidiaries. Has over 30 years' experience in the property and building construction industry in Hong Kong. Brother of Messrs Cheung Lin Wee and Cheung Ying Wai, Eric.

Mr. Cheung Lin Wee, *BFin*

Aged 51. Joined the Group and appointed a director in 1985. A director in each of the subsidiaries. Has over 20 years' experience in property management. Mainly responsible for the property management activities of the Group. Brother of Messrs Cheung Kee Wee and Cheung Ying Wai, Eric.

Mr. Cheung Ying Wai, Eric, *BSc*

Aged 47. Joined the Group and appointed a director in 1999. A director in each of the subsidiaries. Mainly responsible for the general management of the Group. Brother of Messrs Cheung Kee Wee and Cheung Lin Wee.

Non-executive Directors

Mr. John Ho, *LLB*

Aged 63. Appointed an independent non-executive director in 1994 and re-designated as a non-executive director in 2004. A practising solicitor in Hong Kong. Qualified as a solicitor and joined a major firm of solicitors in 1972. A senior partner of Messrs John Ho & Tsui. An independent non-executive director of Wong's Kong King International (Holdings) Limited and also CEO and executive director of China Western Investments PLC., a London listed company.

Mr. Ng Kwok Tung, *LIA (Dip), Chinese Law (Dip), BCom, CPA (Practising), CA, FCPA, ATiHK, MSCA*

Aged 58. Appointed an independent non-executive director in 2001 and re-designated as a non-executive director in 2004. A practising accountant in Hong Kong. A partner of Messrs Tony Kwok Tung Ng & Co.. An independent non-executive director of Fountain Set (Holdings) Limited and Universe International Holdings Limited.



Independent Non-executive Directors

Mr. Lam Hon Keung, Keith, O.B.E., J.P.

Aged 69. Appointed a director in 1993. A Committee Member of Far East Exchange Limited (1975-86) and a Council Member of The Stock Exchange of Hong Kong Limited (1987-94). An ex-President of Rotary Club of Hong Kong South (1976-77), an appointed Legislative Councillor in 1984 and a member of the Social Welfare Advisory Committee (2000-06). Active in community and social involvements – Chairman of the Hong Kong Buddhist Hospital, Vice Chairman of the Hong Kong Buddhist Association, etc.. A Fellow of the Hong Kong Institute of Directors and a Fellow of Chartered Management Institute, also a deputy Chairman and an executive director of Hembly International Holdings Limited.

Mr. Chan Woon Kong

Aged 75. Appointed a director in 2004. 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. Currently the Senior Vice President of United Commercial Bank in Hong Kong.

Mr. Soo Hung Leung, Lincoln, BScChE, MBA, J.P.

Aged 64. Appointed a director in 2004. A stock broker and Chairman of Soo Pei Shao & Co. Ltd., also an independent non-executive director of Wing Lung Bank Limited. A member of the HKSAR Insider Dealing Tribunal, the Committee of the Spastics Association, Chairman of the English Advisory Committee of Hong Kong Baptist University and a member of the Company Law Reform Group.

Senior Management

Mr. Chu Wing Man, Raymond, MFin, BBA, LLB, FCPA, FCCA, ACIS, Company Secretary

Aged 47. A professional accountant. Joined the Group and appointed the Company Secretary of the Company in 1998. Has over 20 years' experience in the accounting field.



CORPORATE INFORMATION *(CONTINUED)*

AUDIT COMMITTEE

Mr. Lam Hon Keung, Keith (*Chairman*)
Mr. John Ho
Mr. Ng Kwok Tung
Mr. Chan Woon Kong
Mr. Soo Hung Leung, Lincoln

REMUNERATION COMMITTEE

Mr. Soo Hung Leung, Lincoln (*Chairman*)
Mr. Lam Hon Keung, Keith
Mr. John Ho
Mr. Ng Kwok Tung
Mr. Chan Woon Kong

AUTHORISED REPRESENTATIVES

Mr. Cheung Kee Wee
Mr. Chu Wing Man, Raymond

BANKER

The Bank of East Asia, Limited

AUDITOR

PricewaterhouseCoopers



SHARE REGISTRARS

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STOCK CODES

The Stock Exchange of Hong Kong Limited
278
Reuters
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WEBSITE

<http://www.wahha.com>

GROUP STRUCTURE

As at 31st March 2009

	Effective percentage of equity held by the Group	Principal activities
Holding Company		
Wah Ha Realty Company Limited	–	Investment holding
Subsidiaries		
Festigood Company Limited	100	Property development
Galy Property Management Limited	100	Property management
Khanman Property Limited	100	Dormant
Tai Kong Shan Realty Limited	100	Property investment
Tinpoly Realty Limited	100	Property investment
Wah Ha Construction Company Limited	100	Building contractor
Wah Ha Real Estate Agency Limited	100	Property agency
WH Properties Limited	100	Dormant
Associated Companies		
Cantake Land Investment Company Limited	25	Property development
Chase Good Development Limited	25	Property development
Daily Eagle Development Limited	25	Property development
Eastern Tailor Enterprises Limited	25	Property investment
Fu Kung San Realty Limited	50	Investment holding
Fullion Realty Limited	50	Property investment
Fupoly Properties Limited	25	Property investment
Hinquand Enterprise Limited	50	Property investment
Kam Lee Wah Realty Limited	50	Property investment
Keneva Company Limited	25	Property development
Kin Yuen Hing Investment Company Limited	50	Property development
Mass Collection Company Limited	50	Property development
Remadour Estate Limited	25	Property investment
Sing Mei Properties Limited	25	Property investment
Star Fortune Investments Limited	50	Provision of finance
Sun Prince Godown Limited	50	Property investment
Sun Tai Tsuen Godown Company Limited	50	Property investment
Wah Ha Property Development Limited	50	Property investment

All companies are incorporated in Hong Kong.

RESULTS

The profit attributable to equity holders of Wah Ha Realty Company Limited (the "Company") for the year ended 31st March 2009 amounted to HK\$8,271,316 (2008: HK\$71,000,458). Earnings per share for the year was HK6.8 cents (2008: HK58.7 cents).

DIVIDENDS

The board of directors of the Company (the "Directors") (the "Board") has resolved to recommend a final dividend of HK4 cents (2008: HK4 cents) per share for the year ended 31st March 2009 to the shareholders of the Company (the "Shareholders") whose names appear on the Register of Members of the Company on Tuesday, 25th August 2009. Together with the interim dividend of HK2 cents (2008: HK2 cents) per share, total dividends for the year amount to HK6 cents (2008: HK6 cents) per share.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Group's revenues for the year ended 31st March 2009 amounted to HK\$10.1 million, representing a decrease of about 45.4% from the previous year. The drastic decrease in interest income of HK\$8.3 million was the main reason of this significant drop in revenues. Another factor was the decrease in rental income of HK\$1.9 million as a result of casual vacancies occurred in the course of finding higher yield tenants. This unfavourable performance was however mitigated by the increase in dividend income of HK\$2.1 million.

For the year under review, the Group's profit attributable to equity holders was HK\$8.3 million (2008: HK\$71.0 million). Earnings per share was HK6.8 cents as compared with HK58.7 cents last year. This substantial decrease was explained by the great drop in the value of the Group's investment properties and the poor performance of the Group's investment portfolio in the current global economic downturn. Fair value losses upon revaluation were unavoidable. Last year, the increase in value of the Group's investment properties had led to an increase in net profit by HK\$40.4 million. However, for the year under review, a corresponding decrease in net profit by HK\$41.1 million was recorded. Even worse was that the Group's investment portfolio suffered from the financial tsunami occurred after the fall of the Lehman Brothers. A greater fair value loss of HK\$17.8 million was reported. All governments around the world had tried to maintain a low interest rate environment so as to facilitate the recovery of economy. Inevitably, the Group's usual benefit of its virtual debt-free position in the past had faded away and a great drop in interest income by HK\$8.3 million was resulted. Notwithstanding the aforesaid disappointed performance, an increase in dividend income of HK\$2.1 million was recorded. Further, an exchange gain of HK\$0.2 million instead of an exchange loss of HK\$0.5 million last year was reported. Our core property-related businesses had made a positive contribution to the Group's net profit by HK\$0.3 million. Finally, previous provision for deferred taxation was written back by HK\$1.6 million as a result of the reduction of profits tax rate by 1%.

CHAIRMAN'S STATEMENT (CONTINUED)

BUSINESS REVIEW

Property Investment and Management

Although a reduction in rental income was recorded as a result of casual vacancies, the performance of the Group's Rental Business was satisfactory.

The Group did not acquire or dispose of any property during the year under review and up to the date of this report whereas a profit of HK\$1.8 million was reported last year.

Following the conversion from Industrial/Godown use to Commercial type, the upgrading works of the 25-storey Horizon Plaza at Ap Lei Chau are still in progress. It is expected to be completed by the last quarter of 2009. Currently, the premises are fully occupied. We expect that better unit rates can be achieved upon the completion of the upgrading works.

For the year under review, the operating environment of the Group's Property Management Business had deteriorated and the contribution of this business towards the Group's net profit was reduced by HK\$0.3 million.

Investments

During the year under review, the global economy had experienced unprecedented challenge. Most central banks, including the US Federal Reserve and the Bank of England, had purposely cut down their respective interest rates. An era of zero interest rate was resulted. The Group could not achieve its previous significant year-on-year improvements on interest income. Instead, a substantial decrease in interest income of HK\$8.3 million was reported.

The Group suffered from the sudden attack by the global financial tsunami, its investment portfolio had experienced a tremendous decrease in value. A greater fair value loss of HK\$17.8 million was reported in the current year.

Notwithstanding the above, there were two mitigating factors, namely the increase of dividend income by HK\$2.1 million and an exchange gain of HK\$0.2 million versus an exchange loss of HK\$0.5 million last year.



PROSPECTS

The extremely volatile global economy last year resulted in adverse effects that were totally unprecedented. To cope with the challenging situation, most central banks, including the US Federal Reserve and the Bank of England, adopted quantitative easing measures to rescue their respective economies. Enormous capitals were injected into financial institutions and/or giant commercial organizations so as to save them from collapse. Zero or low interest rates were maintained intentionally to nurture the recovery of economy. One of the immediate consequences of these measures is the great increase in money supply which may push up asset prices. Super-inflation and bubble economy may be the final products. Although these will pose problems on economy, surge of asset prices in times of inflation may have positive impact on our core property-related businesses.

Hong Kong, being an open economy, suffered from the global severe financial crisis inevitably. All sectors of the local economy were negatively affected. Weakening signs were seen in the local economy after the financial tsunami occurred in late September last year. The 2009 1st Quarter GDP declined by 7.8%. The unemployment rate was 5.3% in the latest quarter. The present situation was even worse than that in the period of SARS. In 2003, the exports of Hong Kong stood at high levels because of the strong demands from the US and Europe. Right now, the global economy is deteriorating. This position was reflected in the persistent decline in the volume of total exports of Hong Kong where a decrease of 20.1% in March 2009 was followed by a decrease of 16.1% in April 2009. The outbreak of the Influenza A (H1N1) adds further pressure on the already fragile economy.

On the other hand, Hong Kong may benefit from the central government's 4 trillion yuan stimulus package and the recent announcement of the expansion of Closer Economic Partnership Arrangement. Besides, Hong Kong's ten infrastructure mega-projects and the construction of The Hong Kong-Zhuhai-Macao Bridge will undoubtedly create business and employment opportunities.

In light of the current volatile market environment, our main concern is to ensure sustainability of business. We shall focus our resources on our core property-related business, maintain stable revenue stream in order to deliver satisfactory return to our shareholders.



CHAIRMAN'S STATEMENT *(CONTINUED)*

EMPLOYMENT AND REMUNERATION POLICIES

As at 31st March 2009, the Group had less than twenty employees and their remuneration are maintained at competitive levels. Total staff costs (including Directors' remuneration) amounted to HK\$4.2 million (2008: HK\$3.8 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.

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\$213.3 million at 31st March 2009. The Board believes that the Group has sufficient financial resources for its operations. The Group has no material exposure to foreign exchange rate fluctuation or material contingent liabilities.

APPRECIATION

On behalf of the Board, I take this opportunity to express my appreciation to the Shareholders for their continued support and our staff for their hard work and dedication. I would also like to express my gratitude to my fellow Directors for their guidance and invaluable contribution.

Cheung Kee Wee

Chairman

Hong Kong, 13th July 2009

REPORT OF THE DIRECTORS |||||

The Board has pleasure in submitting their report together with the audited financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31st March 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Group are investment holding, property investment and management.

SEGMENT INFORMATION

An analysis of the Group’s turnover and results by principal activities for the year is shown in Note 29 to the financial statements.

RESULTS

Results of the Group for the year ended 31st March 2009 are shown on page 32.

DIVIDEND

The Board has resolved to recommend at the forthcoming annual general meeting (“AGM”) to be held on Tuesday, 25th August 2009 a final dividend for the year ended 31st March 2009 of HK4 cents (2008: HK4 cents) per share to be paid on Monday, 31st August 2009 to the Shareholders whose names appear on the Register of Members of the Company on Tuesday, 25th August 2009. Together with the interim dividend of HK 2 cents (2008: HK2 cents) per share paid on Thursday, 22nd January 2009, total dividends for the year will amount to HK6 cents (2008: HK6 cents) per share.

PARTICULARS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Particulars of subsidiaries and associated companies of the Company are shown in Notes 15 and 16 to the financial statements respectively.

FIVE YEAR FINANCIAL SUMMARY

A summary of the Group’s results and of its assets and liabilities for the past five financial years is shown on page 79.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are shown in Note 23 to the financial statements.

REPORT OF THE DIRECTORS (CONTINUED)

DISTRIBUTABLE RESERVES

As at 31st March 2009, the Company's reserves available for distribution to the Shareholders as calculated in accordance with the provisions of Section 79B of the Hong Kong Companies Ordinance amounted to HK\$294,855,868 (2008: HK\$316,265,763).

PROPERTIES

Details of the movements in investment properties are shown in Note 14 to the financial statements. Details of the principal properties held by the Group for investment and sale purposes are shown on pages 81 to 84.

SHARE CAPITAL

Details of the share capital of the Company are set out in Note 22 to the financial statements.

DIRECTORS

The Directors during the year and up to the date of this report are:

Executive Directors

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

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

In accordance with Article 103(A) of the Company's Articles of Association (the "Company's Articles"), Messrs Cheung Kee Wee, Chan Woon Kong and Soo Hung Leung, Lincoln will retire from office by rotation at the forthcoming AGM and they, being eligible, offer themselves for re-election.



DIRECTORS' SERVICE CONTRACTS

No Directors proposed for election at the forthcoming AGM has a service contract, which is not determinable within one year without payment of compensation (other than statutory compensation), with the Company or its subsidiaries.

The term of office of each Director is the period up to his retirement by rotation in accordance with the Company's Articles.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are set out on pages 2 and 3.

REMUNERATION OF DIRECTORS AND OF THE FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' remuneration and of the five highest paid individuals in the Group are shown in Note 9 to the financial statements. No contribution to pension scheme for Directors and past Directors was paid for the year.

There was no compensation paid during the year or receivable by Directors for the loss of office as a Director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

Save for those "Significant Related Party Transactions" described in Note 28 to the financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31st March 2009, the interests or short positions of the Directors and Chief Executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Rules Governing the Listing of securities on the Stock Exchange (the "Listing Rules") as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in Ordinary Shares of the Company

Name of Director	Personal interests	Corporate interests	Family interests	Other interests	% of issued share capital	
					Total	
Cheung Kee Wee	–	15,150,160 (Note 1)	–	1,344,480 (Note 2)	16,494,640	13.64
Cheung Lin Wee	14,016,800	–	238,000 (Note 3)	1,344,480 (Note 2)	15,599,280	12.90
Cheung Ying Wai, Eric	13,672,800	–	–	–	13,672,800	11.30

Notes:

- (1) These shares were held by Biochoice Limited ("Biochoice") (in which Mr. Cheung Kee Wee ("CKW") and his spouse in aggregate owned 50% interest) through its wholly owned subsidiary, Humphrey Group Limited ("Humphrey"). Therefore, CKW was deemed to be interested in these shares under the SFO.



- (2) The 1,344,480 shares of CKW and Mr. Cheung Lin Wee (“CLW”) related to the same block of shares in the Company. CKW and CLW are two of the three executors (the “Executors”) under the Will of Mr. Cheung Kung Hai, deceased (“CKH”) who held 87,391,440 shares before his death. Probate of the Estate of CKH was granted by the High Court of Hong Kong on 25th August 2008. As at 31st March 2009, 86,046,720 shares were distributed to the beneficiaries under the Will of CKH; 240 shares were sold to an individual third party at market price and 1,344,480 shares were still held on trust by the Executors for a beneficiary as disclosed in the above table under the column “Other interests”.
- (3) The 238,000 shares were beneficially held by Ms. Wu Suet Yi, Rita, the spouse of CLW.

Save as disclosed above, as at 31st March 2009, none of the Directors or Chief Executives of the Company or any of their associates had or were deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS (CONTINUED)

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

So far as is known to the Directors or Chief Executives of the Company, as at 31st March 2009, the following Shareholders (other than Directors or Chief Executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO as being directly or indirectly interested in 5% or more of the issued share capital of the Company were as follows:

Long Positions in Ordinary Shares of the Company

	Number of shares	% of issued share capital
Substantial Shareholders:		
Chin Lan Hong	33,507,280 (Note 1)	27.70
Kung So Ha, Anne	16,494,640 (Note 2)	13.64
Wu Suet Yi, Rita	15,599,280 (Note 3)	12.90
Biochoice Limited	15,150,160 (Note 4)	12.52
Humphrey Group Limited	15,150,160 (Note 4)	12.52
Hoh Kwok Hing, Corinne	13,672,800 (Note 5)	11.30
Persons other than Substantial Shareholders:		
Megabest Securities Limited	11,295,600 (Note 6)	9.34
Profit-taking Company Inc.	11,295,600 (Note 6)	9.34
Pullfield Company Limited	11,295,600 (Note 6)	9.34

Notes:

- (1) Out of the 33,507,280 shares, 11,295,600 shares were held by Megabest Securities Limited ("Megabest") of which Madam Chin Lan Hong ("CLH") was interested in the entire issued share capital, through the chain of ownership being described in Note (6) below; 20,867,200 shares were held under her personal interests; and 1,344,480 shares related to the same block of shares as described in "Other Interests" of CKW and CLW respectively under the heading of "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures", as CLH together with CKW and CLW are the Executors under the Will of CKH who held 87,391,440 shares before his death. Probate of the Estate of CKH was granted by the High Court of Hong Kong on 25 August 2008. As at 31st March 2009, 86,046,720 shares were distributed to the beneficiaries under the Will of CKH; 240 shares were sold to an individual third party at market value and 1,344,480 shares were still held on trust by the Executors for a beneficiary.



- (2) Ms. Kung So Ha, Anne is the wife of CKW and was taken to be interested in these shares in which her spouse was interested under the SFO.
- (3) Out of the 15,599,280 shares, 238,000 shares were beneficially held by Ms. Wu Suet Yi, Rita, and Ms. Wu was taken to be interested in the remaining 15,361,280 shares in which her spouse CLW was interested under the SFO.
- (4) These 15,150,160 shares held by Biochoice and Humphrey respectively related to the same block of shares as described in "Corporate Interests" of CKW under the heading of "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures". These shares were held by Biochoice (in which CKW and his spouse in aggregate owned 50% interest) through its wholly owned subsidiary, Humphrey, the registered owner of the said 15,150,160 shares.
- (5) Ms. Hoh Kwok Hing, Corinne is the wife of CYW and was taken to be interested in these shares in which her spouse was interested under the SFO.
- (6) These 11,295,600 shares held by Megabest, Profit-taking Company Inc. ("Profit-taking") and Pullfield Company Limited ("Pullfield") respectively related to the same block of shares as described in Note (1) above. These shares were held by Megabest through its wholly owned subsidiary, Profit-taking, which in turn held the entire issued share capital of Pullfield, the registered owner of the said 11,295,600 shares of the Company.

Save as disclosed above, as at 31st March 2009, the Company has not been notified by any person (other than Directors or Chief Executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO as being directly or indirectly interested in 5% or more of the issued share capital of the Company.

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.

REPORT OF THE DIRECTORS (CONTINUED)

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers and five largest suppliers of the Group accounted for less than 30% by value of the Group's total revenues and revenue purchases respectively.

None of the Directors, their associates or any Shareholder who to the knowledge of the Directors owns more than 5% of the Company's issued share capital has an interest in the major customers or suppliers disclosed above.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 31st March 2009, the Group had provided financial assistance to its affiliated companies amounting to HK\$130,142,116 in aggregate which exceeded 8% under the assets ratio as defined under the Listing Rules.

In accordance with the requirements under Rule 13.22 of the Listing Rules, a combined balance sheet of and the Group's attributable interest in these affiliated companies as at 31st March 2009 are set forth below:

	Combined Balance Sheet	Group's Attributable Interests
	HK\$	HK\$
Non-current assets	811,819,376	181,413,931
Current assets	223,456,501	69,626,957
Non-current liabilities	(460,326,686)	(94,225,059)
Current liabilities	(196,017,715)	(59,579,038)
Net current assets	27,438,786	10,047,919
Net assets	378,931,476	97,236,791



CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 20 to 29.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Company has maintained sufficient public float throughout the year ended 31st March 2009 and up to the date of this report pursuant to the Listing Rules.

AUDITOR

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for reappointment.

On behalf of the Board

Cheung Kee Wee

Chairman

Hong Kong, 13th July 2009



CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board and the management believe that good and high standard of corporate governance practices are very important for maintaining and promoting investor confidence and for the continued growth of the Group. The Company has made continued efforts to maintain and improve the quality of corporate governance so as to ensure an effective board, sound internal control, and transparency and accountability to its Shareholders.

The Company has applied the principles and complies with the provisions contained in the Code on Corporate Governance Practices (the "CG Code") set out in Appendix 14 to the Listing Rules throughout the financial year ended 31st March 2009, except for certain deviations of the code provisions in respect of the roles of the Chairman and Chief Executive Officer ("CEO") of the Company (i.e. A.2.1); and service term of its Non-executive Directors ("NEDs") (i.e. A.4.1). The considered reasons for the aforesaid deviations will be discussed in the later part of this report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding directors' securities transactions in the Company. All Directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the year ended 31st March 2009.

THE BOARD

The Board, led by the Chairman, is responsible for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs.



The Chairman of the Board is responsible for the leadership and effective running of the Board, while the Executive Directors (“EDs”) and the Board Committees of the Company are delegated with the authority to manage the business of the Group in all aspects effectively. With the assistance of the Company Secretary, the Chairman approves Board meeting agendas and ensures that the Directors are properly briefed and timely receive adequate and reliable information on all Board matters.

EDs are responsible for different business and functional divisions of the Group in accordance with their respective areas of expertise. Daily operations and administration are delegated to the management under supervision which is given clear directions as to their powers in particular with respect to the circumstances under which they should report back to and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

The Board currently comprises eight members, of whom three are EDs including the Chairman of the Board, two are NEDs and three are Independent Non-executive Directors (the “INEDs”). More than one third of the Board is INEDs, each of them comes from different business and professional background and at least one of them has accounting or related financial management expertise. The Board has received from each INED an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules and continues to consider each of them to be independent up to the date of this annual report (“the AR”).

The Board includes a balanced composition of EDs, NEDs and INEDs so that there is a strong independent element on the Board to exercise independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointment and standards of conduct. Biographical details of the Directors and the relationship among the Directors are set out on pages 2 and 3 of the AR.

CORPORATE GOVERNANCE REPORT (CONTINUED)

THE BOARD (continued)

The Board meets regularly and holds at least four regular meetings at approximately quarterly intervals in a year and additional meetings are held as and when significant events or important issues are required to be discussed and resolved. For the financial year 2008/2009, the Board held four physical meetings. Details of individual attendance of each Director at the meetings are set forth below:

Directors	Meetings Attended/Held
<i>Executive Directors</i>	
Mr. Cheung Kee Wee (<i>Chairman</i>)	3/4
Mr. Cheung Lin Wee	4/4
Mr. Cheung Ying Wai, Eric	4/4
<i>Non-executive Directors</i>	
Mr. John Ho	3/4
Mr. Ng Kwok Tung	4/4
<i>Independent Non-executive Directors</i>	
Mr. Lam Hon Keung, Keith	2/4
Mr. Chan Woon Kong	4/4
Mr. Soo Hung Leung, Lincoln	4/4

In order to give all Directors adequate time to plan their schedules to attend the meeting, at least fourteen days' formal notice would be given to all Directors before each regular meeting. To enable Directors to make informed decisions on matters to be considered at the Board and Board Committee meetings, board papers and related material are given to the Directors not less than three days before the intended date of a Board or Board Committee meeting.

Directors need to declare their interest in the matters to be passed in the resolution, if applicable. If a substantial shareholder or a Director has a material conflict of interest in a matter to be considered by the Board, the matter will be dealt with pursuant to applicable rules and regulations and, if appropriate, an independent Board committee will be set up to deal with the matter.

In addition to the Board meetings, certain issues are dealt with by way of circular written resolutions, so that all Directors can note and comment thereon before the Board's approval on the matters.



Directors are kept informed in a timely manner of any major changes that may affect the Group's business as well as changes in relevant rules and regulations. They have full access to the Company Secretary and key officers of the Company Secretarial Department for relevant information in respect of the Group. They are also able to obtain independent professional advice by written procedure adopted by the Company at the expense of the Company in appropriate circumstances.

THE COMPANY SECRETARY

The Company Secretary is responsible to the Board for ensuring that the procedures and all applicable rules and regulations are strictly and fully complied with and that activities of the Board are running efficiently and effectively by assisting the Chairman to prepare agendas for meetings and by preparing and disseminating Board papers and relevant material to the Directors and Board Committee members in a timely and comprehensive manner.

The Company Secretary attends all Board meetings and advises on corporate governance and statutory compliance, if appropriate. Draft and final versions of minutes of meetings of the Board and the Board Committees are circulated to all Directors concerned for comments and records respectively. All the minutes record in sufficient detail the matters considered and decisions reached by the Board and the Board Committees of the Company and are kept by the Company Secretary, which are open for inspection at any reasonable time on reasonable notice by any Director.

The Company Secretary also advises the Directors on their obligations for disclosure of interests in securities, connected transactions and price-sensitive information and ensures that the standards and disclosures required by the Listing Rules are observed and, where required, reflected in the report of the Directors.

CHAIRMAN AND CEO

Under the code provision A.2.1 of the CG Code, the roles of the Chairman and 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 EDs with clear division of responsibilities under the leadership of the Chairman. The Board considers that this arrangement allows contributions from all EDs 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.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The Company has not established a Nomination Committee. The nomination and selection process of Directors is performed by the Board in accordance with the Company's Articles.

When considering a potential Director who is recommended by the EDs, the Board will take into consideration certain criteria such as the candidate's professional knowledge and experience, integrity and personal skills, possible conflicts of interests and time commitment to the Company. A newly appointed Director will receive reference material of the Company such as interim and annual reports with a view to familiarizing him/her with the business operation of the Company and the corporate structure of the Group. The Directors are also kept informed of the updated legal and other regulatory requirements and the business and governance policies of the Company.

Under the code provision A.4.1 of CG Code, NEDs should be appointed for a specific term and subject to re-election. All the five NEDs of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the AGM in accordance with the Company's Articles.

In accordance with Article 94 of the Company's Articles, a newly appointed director is subject to re-election by the Shareholders at the next following AGM of the Company after his/her appointment, but shall not be taken into account in determining the Directors who are to retire by rotation and re-election at the AGM in accordance with Article 103(A) of the Company's Articles.

There are eight Directors including five NEDs 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. The Board is of the view that the current practice of appointing Directors which include NEDs without specific terms but otherwise subject to retirement by rotation and re-election by the Shareholders at the AGM is reasonable and appropriate to the needs of the Company.

The Company may by an ordinary resolution remove a Director before the expiration of his/her period of office notwithstanding anything in the Company's Articles or in any agreement between the Company and such Director. Special notice is required of a resolution to remove a Director or to appoint somebody in place of a Director so removed at the general meeting at which he/she is removed in accordance with the Companies Ordinance.



During the year ended 31st March 2009, there was no change in the Board composition. The names and biographical details of the Directors who will offer themselves for re-election at the forthcoming AGM of the Company are set out in the circular dated 27th July 2009 to the Shareholders to assist them in making an informed decision on the Directors' elections.

REMUNERATION COMMITTEE

Remuneration Committee of the Company was established in 2005. The Committee consists of three INEDs, namely Messrs Soo Hung Leung, Lincoln (*Chairman*), Lam Hon Keung, Keith and Chan Woon Kong, and two NEDs, namely Messrs John Ho and Ng Kwok Tung. The Company Secretary of the Company is the secretary of the Committee.

The principal responsibilities of the Remuneration Committee, under its terms of reference which was prepared on terms no less exacting than those set out in the CG Code and adopted in May 2005, is to assist the Board to develop and administer a formal and transparent procedure for setting policy on the remuneration of all the Directors and senior management of the Company. The adopted terms of reference of the Committee are posted on the Company's website.

The Remuneration Committee has met once during the financial year ended 31st March 2009 with the presence of all the members.

During such meeting, the remuneration package of the EDs was reviewed by reference to the Group's performance and profitability as well as the remuneration level of directors in eight selected listed corporations in the industry. It was resolved that the Director's fee of HK\$80,000 per annum for each of the EDs would remain unchanged. Details of the remuneration of Directors are set out in the Note 9 to the financial statements on page 58 of the AR.

REMUNERATION OF AUDITOR

For the year ended 31st March 2009, the remuneration paid and payable to PricewaterhouseCoopers, the Company's external auditor, for audit services to the Group amounted to HK\$458,230 and for non-audit services amounted to HK\$323,050.

AUDIT COMMITTEE

The Audit Committee of the Company was established in December 1998 and currently consists of three INEDs, namely Messrs Lam Hon Keung, Keith (*Chairman*), Chan Woon Kong and Soo Hung Leung, Lincoln and two NEDs, namely Messrs John Ho and Ng Kwok Tung. The Committee members possess sufficient financial and accounting experience and expertise to discharge their duties. The Company Secretary of the Company acts as the secretary of the Committee.

The operation of the Audit Committee is guided by its written terms of reference which was approved by the Board and is subject to review by the Board from time to time. The terms of reference of the Audit Committee were lately revised and adopted in January 2009 by reference to the requirements of the CG Code of the Listing Rules and the guidelines published by the Hong Kong Institute of Certified Public Accountants. They are posted on the Company's website.

The major duties of the Audit Committee set out in its terms of reference include:–

1. recommendation to the Board on the appointment, re-appointment and removal of the external auditor, and approval of their terms of engagement;
2. reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of audit process in accordance with applicable standard;
3. monitoring the integrity of financial statements of the Company and the Company's AR and financial statements, interim report and quarterly report (if applicable), and reviewing significant financial reporting judgements contained in them;
4. oversight of the Company's financial controls, internal control and risk management systems; and
5. reviewing the financial information of the Company.



During the financial year ended 31st March 2009, two meetings of the Audit Committee were held in July and December of 2008 respectively with the external auditor of the Company for discussion and review of the reporting of financial and other information to the Shareholders (including the 2007/2008 final results and 2008/2009 interim results of the Company before they were submitted to the Board for approval), the accounting principles and practices adopted by the Group and the issue on internal control of the Company. The Committee also keeps under review the independence of the external auditor of the Company. Details of individual attendance of each of the members of the Committee at the meetings are as follows:

Committee Members	Meetings Attended/Held
<i>Independent Non-executive Directors</i>	
Mr. Lam Hon Keung, Keith (<i>Chairman</i>)	2/2
Mr. Chan Woon Kong	2/2
Mr. Soo Hung Leung, Lincoln	2/2
<i>Non-executive Directors</i>	
Mr. John Ho	1/2
Mr. Ng Kwok Tung	2/2

The financial statements of the Company for the year ended 31st March 2009 have been reviewed and discussed by the Audit Committee together with the external auditor of the Company at a meeting held in early July 2009.

ACCOUNTABILITY AND AUDIT

The Board was provided with explanation and information by the management of the Company, so that Directors have an informed assessment of the financial and other information of the Company put before the Board for approval.

All the Directors have acknowledged their responsibilities for preparing and reviewing the Company's financial statements and ensure that the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st March 2009 and of the profit and cash flows of the Group for the year then ended. In preparing the Company's financial statements for the year ended 31st March 2009, the Board has selected suitable accounting policies and principles generally accepted in Hong Kong and applied them consistently, has made prudent and reasonable judgements and estimates, and has prepared the financial statements on a going concern basis. The statement by the auditor of the Company regarding their reporting responsibilities on the financial statements of the Company and the Group is set out in the "Independent Auditor's Report" on pages 30 and 31 of the AR.

The Board's endeavors to ensure a balanced, clear and understandable assessment of the Group's position and prospects extend to annual and interim reports, other price-sensitive announcements and financial disclosures of the Company required under the Listing Rules and other applicable rules, and to report to regulators as well as to information required to be disclosed pursuant to statutory requirements. Accordingly, due authorization will be made on the publication of relevant announcements and reports as and when the occasion arises.

INTERNAL CONTROL

The Board acknowledges its responsibility in maintaining effective and sound internal control system for the Group to safeguard the Group's assets and protect the interest of the Shareholders. The internal control system is designed to provide reasonable, but not absolute, assurance of no material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievements of the Group's objectives.

The Board has conducted an annual review of the effectiveness of the system of internal control of the Group. The review covered all material controls, including financial, operational and compliance controls and risk management functions. The Board considers that the Company has adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

Based on the results of the review, the Board has concluded that the Group's overall system of internal controls has been effectively exercised during the year. The Group will continue to improve its system of internal controls.



COMMUNICATION WITH THE SHAREHOLDERS

The Company's AGM is one of the principal communication channels between the Company and the Shareholders as it provides a forum for the Shareholders to raise questions and comments and exchange views with the Board.

At the 2008 AGM of the Company, respective Chairmen of the Board, the Audit Committee and the Remuneration Committee of the Company were present and available to answer questions raised by the Shareholders at the meeting. A separate resolution was proposed at the AGM on each substantially separate issue, such as the re-election of individual Directors.

The Company has other means of communication with the Shareholders, including the publication of annual and interim reports, circulars, announcements and availability of updated and key information about the Group on the Company's website. The Shareholders or any interested parties can also contact the Company by sending e-mail to enquiry@wahha.com.

The Company arranges for the notice to the Shareholders to be sent in the case of annual general meetings at least 20 clear business days before the meeting and to be sent at least 10 clear business days in the case of all other general meetings. It is proposed that the 2009 AGM of the Company will be held on Tuesday, 25th August 2009 at 12:00 noon. Notice of the AGM will be published and dispatched to the Shareholders in late July 2009.

VOTING BY POLL

The Company regularly informs the Shareholders of the procedures for voting by poll and ensures that it complies with the requirements about voting by poll as contained in the Listing Rules and the Company's Articles.

Since 2005, the Shareholders were given an explanation of the rights and procedures for demanding and conducting a poll in accordance with Article 74 of the Company's Articles at the commencement of each AGM of the Company.

Pursuant to the Listing Rules, any vote of the shareholders at a general meeting must be taken by poll which became effective on 1st January 2009. The Chairman of the 2009 AGM will therefore put each of the resolutions to be proposed at the meeting to be voted by way of a poll pursuant to Article 74 of the Company's Articles.

Save as disclosed above, the Company has complied with all the code provisions as set out in the CG Code throughout the financial year ended 31st March 2009.

INDEPENDENT AUDITOR'S REPORT



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

TO THE SHAREHOLDERS OF WAH HA REALTY COMPANY LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Wah Ha Realty Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 32 to 78, which comprise the consolidated and company balance sheets as at 31st March 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st March 2009 and of the profit and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 13th July 2009

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2009

	<i>Note</i>	2009 HK\$	2008 HK\$
Revenues	5	10,060,888	18,430,351
Changes in fair value of investment properties		6,370,000	10,180,000
Net fair value losses on financial assets at fair value through profit or loss		(29,083,138)	(3,961,431)
Fair value loss on derivative financial instruments		(8,800,499)	(14,127,000)
Other gains/(losses) – net	6	385,455	(333,303)
Direct outgoings in relation to properties that generate income	7	(1,069,900)	(470,465)
Staff costs	7	(4,213,373)	(3,838,441)
Other operating expenses	7	(1,850,215)	(1,108,989)
Operating (loss)/profit		(28,200,782)	4,770,722
Share of profits less losses of associated companies	8	32,666,852	65,988,124
Profit before income tax		4,466,070	70,758,846
Income tax credit	11	3,805,246	241,612
Profit attributable to equity holders of the Company		8,271,316	71,000,458
Dividends	12	7,257,600	7,257,600
Basic and diluted earnings per share (HK cents)	13	6.8 cents	58.7 cents

The notes on pages 37 to 78 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 31st March 2009

	<i>Note</i>	2009 HK\$	2008 HK\$
ASSETS			
Non-current assets			
Investment properties	14	50,550,000	44,180,000
Investments in associated companies	16	261,407,052	239,945,201
Amounts due from associated companies	16	55,623,929	63,086,205
Available-for-sale financial assets	17	250,448	250,448
Deferred income tax assets	24	150,969	152,726
		367,982,398	347,614,580
Current assets			
Completed properties held for sale	18	5,674,938	5,723,645
Amounts due from associated companies	16	51,223,187	44,041,193
Trade and other receivables	19	1,108,336	1,894,993
Tax recoverable		328,193	328,901
Short-term investments	20	43,162,010	152,014,334
Cash and cash equivalents	21	213,253,287	138,912,314
		314,749,951	342,915,380
Total assets		682,732,349	690,529,960
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	22	78,624,000	78,624,000
Retained profits	23		
– Proposed final dividend		4,838,400	4,838,400
– Others		577,872,991	576,859,275
Total equity		661,335,391	660,321,675
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	24	814,037	4,714,006
Current liabilities			
Amounts due to associated companies	16	17,962,433	8,250,210
Trade and other payables	25	2,591,083	3,074,576
Derivative financial instruments	26	–	14,127,000
Tax payable		29,405	42,493
		20,582,921	25,494,279
Total liabilities		21,396,958	30,208,285
Total equity and liabilities		682,732,349	690,529,960
Net current assets		294,167,030	317,421,101
Total assets less current liabilities		662,149,428	665,035,681

Cheung Kee Wee
Director

Cheung Lin Wee
Director

The notes on pages 37 to 78 are an integral part of these consolidated financial statements.

BALANCE SHEET

As at 31st March 2009

	<i>Note</i>	2009 HK\$	2008 HK\$
ASSETS			
Non-current assets			
Investment properties	14	50,550,000	44,180,000
Investments in subsidiaries	15	110,344	110,344
Investments in associated companies	16	1,140,618	1,140,618
Amounts due from associated companies	16	55,623,929	63,086,205
Available-for-sale financial assets	17	250,448	250,448
		107,675,339	108,767,615
Current assets			
Completed properties held for sale	18	478,793	484,839
Amounts due from subsidiaries	15	1,169,999	1,277,492
Amounts due from associated companies	16	51,223,187	44,041,193
Trade and other receivables	19	368,472	593,594
Tax recoverable		328,164	328,165
Short-term investments	20	43,162,010	152,014,334
Cash and cash equivalents	21	206,434,507	132,207,508
		303,165,132	330,947,125
Total assets		410,840,471	439,714,740
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	22	78,624,000	78,624,000
Retained profits	23		
– Proposed final dividend		4,838,400	4,838,400
– Others		290,017,468	311,427,363
Total equity		373,479,868	394,889,763
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	24	814,037	4,714,006
Current liabilities			
Amounts due to subsidiaries	15	16,493,244	15,297,501
Amounts due to associated companies	16	17,962,433	8,250,210
Trade and other payables	25	2,090,889	2,436,260
Derivative financial instruments	26	–	14,127,000
		36,546,566	40,110,971
Total liabilities		37,360,603	44,824,977
Total equity and liabilities		410,840,471	439,714,740
Net current assets		266,618,566	290,836,154
Total assets less current liabilities		374,293,905	399,603,769

Cheung Kee Wee
Director

Cheung Lin Wee
Director

The notes on pages 37 to 78 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March 2009

	<i>Note</i>	2009	2008
		HK\$	HK\$
Cash flows from operating activities			
Profit before income tax		4,466,070	70,758,846
Amortisation of leasehold land		48,707	48,707
Changes in fair value of investment properties		(6,370,000)	(10,180,000)
Share of profits less losses of associated companies		(32,666,852)	(65,988,124)
Operating loss before working capital changes		(34,522,075)	(5,360,571)
Decrease in trade and other receivables		786,657	238,729
Decrease/(increase) in short-term investments		108,852,324	(787,516)
(Decrease)/increase in trade and other payables		(483,493)	261,674
(Decrease)/increase in derivative financial instruments		(14,127,000)	14,127,000
Net cash generated from operations		60,506,413	8,479,316
Hong Kong profits tax paid		(105,345)	(740,805)
Net cash generated from operating activities		60,401,068	7,738,511
Cash flows from investing activities			
Dividends received from an associated company		12,000,000	–
Advances to associated companies		(12,184,500)	(19,041,025)
Repayment of advances made to associated companies		21,382,005	17,147,676
Net cash generated from/(used in) investing activities		21,197,505	(1,893,349)
Cash flows from financing activities			
Dividends paid to the Company's equity holders		(7,257,600)	(7,257,600)
Net increase/(decrease) in cash and cash equivalents		74,340,973	(1,412,438)
Cash and cash equivalents at beginning of year		138,912,314	140,324,752
Cash and cash equivalents at end of year	<i>21</i>	213,253,287	138,912,314

The notes on pages 37 to 78 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2009

	<i>Note</i>	2009 HK\$	2008 HK\$
Total equity at beginning of year		660,321,675	596,578,817
Profit for the year	23	8,271,316	71,000,458
Dividends	23	(7,257,600)	(7,257,600)
Total equity at end of year		661,335,391	660,321,675

The notes on pages 37 to 78 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is Room 2500, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong.

The principal activities of the Company are investment holding and property investment. The activities of the subsidiaries and associated companies are shown in Notes 15 and 16 to the financial statements respectively.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in Hong Kong dollar (HK\$), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board on 13th July 2009.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and investment properties which are carried at fair value.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

The Group adopted the following amendments to standard issued by HKICPA for the financial year ended 31st March 2009:

HKAS 39 and

HKFRS 7 (Amendment) Financial instruments: Recognition and measurement

The adoption of this amendment does not have any significant impact on the Group's results and financial position or any substantial changes in the Group's accounting policies and presentation of the financial statements.

Consolidated income statement presentation format

The Directors continually review the content and presentation of the consolidated financial statements to ensure compliance with relevant accounting standards and regulations, and to consider their relevance and usefulness to users of the financial statements. As a result of this ongoing review, in the current year, the Directors have changed the format of the consolidated income statement from classifying by "function of expenses" to "nature of expenses". Comparative information has been restated using this new format. Management believes this revised presentation will provide users of the financial statements with a better understanding of the Group's business.



(b) Standards, amendments to existing standards and interpretations that are not yet effective

The following new/revised standards, amendments and interpretations are effective for the accounting periods of the Group beginning on or after 1st January 2009 and are relevant to its operations and have not been early adopted by the Group:

Effective for year ending 31st March 2010

HKAS 1 (Revised)	Presentation of financial statements
HKFRS 1 and HKAS 27 (Amendment)	First-time adoption of HKFRS and Consolidated and separate financial statements – Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 7 (Amendment)	Financial instruments: Disclosures
HKFRS 8	Operating segments
HK(IFRIC)-Int 15	Agreements for the construction of real estate
HKICPA's improvement to certain HKFRS published in October 2008	
HKAS 1 (Amendment)	Presentation of financial statements
HKAS 28 (Amendment)	Investments in associates
HKAS 39 (Amendment)	Financial instruments: Recognition and measurement
HKAS 40 (Amendment)	Investment property

Effective for year ending 31st March 2011

HKAS 27 (Revised)	Consolidated and separate financial statements
HKFRS 3 (Revised)	Business combinations
HK(IFRIC)-Int 17	Distributions of non-cash assets to owners
HKICPA's improvement to certain HKFRS published in May 2009	
HKAS 1 (Amendment)	Presentation of financial statements
HKAS 7 (Amendment)	Cash flow statements
HKFRS 8 (Amendment)	Operating segments

The Group has already commenced an assessment of the impact of these new/revised standards, amendments and interpretations and considers that they will not have any significant impact on its results of operations and financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Group accounting

(i) Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31st March.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary in the consolidated financial statements to ensure consistency with the policies adopted by the Group.



In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(ii) Associated companies

Associated companies are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investments in associated companies include goodwill (net of any accumulated impairment losses) identified on acquisition.

The Group's share of its associated companies' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated companies, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated companies.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in associated companies are stated at cost less provision for impairment losses. The results of associated companies are accounted for by the Company on the basis of dividend received and receivable.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar, which is the Company's functional and presentation currency. The functional currency of all subsidiaries and associated companies of the Group is Hong Kong dollar.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences resulting from changes in the amortised cost are recognised in the income statement, and other changes in carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognised in the income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in the investment revaluation reserve in equity.



(e) **Investment properties**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property.

Investment property comprises land held under operating leases and buildings held under finance leases.

Land held under operating leases is classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value and is not depreciated. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, alternative valuation methods such as recent prices on less active markets or discounted cash flow projections are used. These valuations are performed at least annually by external valuers.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflow that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

Subsequent expenditure is accounted for as part of the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

Changes in fair values are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are reviewed for impairment annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Financial assets/liabilities

The Group classifies its financial assets/liabilities in the following categories: financial assets/liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purposes for which the financial assets/liabilities were acquired. Management determines the classification of financial assets/liabilities at initial recognition.

(i) *Financial assets/liabilities at fair value through profit or loss*

Financial assets/liabilities at fair value through profit or loss are financial assets/liabilities held for trading. A financial asset/liability is classified in this category if acquired principally for the purpose of selling in short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets/liabilities in this category are classified as current assets/liabilities.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for those with maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet.



(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity, other than those that meet the definition of loans and receivables and those the Group designates as available-for-sale or at fair value through profit or loss.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories including financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. All other financial assets are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables, and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the income statement.

Changes in the fair value of monetary securities denominated in a foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. The translation differences resulting from changes in the amortised cost are recognised in the income statement, and other changes in carrying amount are recognised in equity. Changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial assets/liabilities (continued)

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as “gains and losses from available-for-sale financial assets”.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of receivables is described in Note 2(i).

(h) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The resulting gain or loss is recognised in the income statement unless the derivatives can be designated as hedges.



(i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(j) Completed properties held for sale

The leasehold land component is measured at cost less accumulated amortisation and impairment losses, and the building component is carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses. Amortisation of the leasehold land prepayments is charged to the income statement.

(k) Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with financial institutions with original maturities of one year or less.

(l) Current and deferred tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries and associated companies operate and generate taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Current and deferred tax (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associated companies, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(m) Employee benefits

The Group participates in two defined contribution retirement benefits schemes. The Group's contributions under the schemes are charged to the income statement as incurred. The amount of the Group's contributions is based on specified percentages of the salaries of employees.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.



(n) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(o) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessors are accounted for as operating leases. Rentals applicable to operating leases net of any incentives received from the lessors are charged to the income statement on a straight-line basis over the periods of the respective leases.

(p) Revenue recognition

Sales of completed properties are recognised upon completion of the sales agreements.

Management fee income is recognised when services are rendered.

Rental income is recognised over the periods of the respective leases on a straight-line basis.

Interest income is recognised on a time proportion basis using the effective interest rate method.

Dividend income is recognised when the right to receive payment is certain.

Construction supervision fee income is recognised when services are rendered to customers.

(q) Dividend distribution

Dividend distribution to the Company's equity holders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's Directors/equity holders.

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to various types of financial risks which include market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects it may have on the Group's financial performance.

(i) *Market risk – foreign exchange risk*

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the functional currencies of the entities of the Group.

The majority of the Group's monetary assets and monetary liabilities and the rental income are denominated in Hong Kong dollar, except that certain short-term bank deposits and investments are denominated in the United States dollar.

The Group's exposure to foreign exchange risk arising from financial assets denominated in foreign currencies is insignificant as Hong Kong dollar is pegged to the United States dollar.

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

(ii) *Market risk – price risk*

Financial assets at fair value through profit or loss

The Group is exposed to price risk arising from investments classified as financial assets at fair value through profit or loss. The Group's price risk is mainly concentrated on listed securities and unlisted bonds. To manage its price risk arising from financial assets at fair value through profit or loss, the Group diversifies its portfolio.



The sensitivity analyses below have been determined based on the exposure to price risk at the balance sheet date.

If market prices of investments had been 10% higher/lower, the Group's post-tax profit for the year ended 31st March 2009 would increase/decrease by approximately HK\$3,624,000 (2008: HK\$2,277,000).

Derivative financial instruments

The Group's share forward contract is exposed to share price risk as the Group is obliged to acquire the designated share at a forward price.

As at 31st March 2008, if the market price of the designated share had been 30% higher/lower, the Group's post-tax profit for the year ended 31st March 2008 would increase/decrease by approximately HK\$8,198,000 and HK\$13,135,000 respectively.

(iii) Market risk – Interest rate risk

The Group is exposed to changes in market interest rates through its cash at financial institutions and unlisted securities.

The following analyses the impact on the Group's post-tax profit assuming a reasonable possible change in interest rates for bank deposits and unlisted securities, with all other variables held constant.

As at 31st March 2009, if market interest rates had been 50 basis points higher/lower, the Group's post-tax profit would increase/decrease by approximately HK\$1,055,000 (2008: HK\$1,276,000).

The Group has no interest bearing liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(iv) Credit risk

The carrying amounts of cash at financial institutions, short-term bank deposits, derivative financial instruments, trade and other receivables and amounts due from associated companies represent the Group's maximum exposure to credit risk in relation to financial assets.

Cash and bank balances and derivative financial instruments were placed with banks and a financial institution with sound credit ratings to mitigate the risk.

The Group has policies in place to ensure that rental deposits are required from tenants prior to commencement of leases and sale proceeds are received before the assignments of properties are executed. Amounts due from associated companies are generally supported by the underlying assets and the Group monitors the credibility of associated companies continuously. At each balance date, the Group reviews the recoverable amount of each debtor to ensure that adequate provision is made for irrecoverable amounts.

(v) Liquidity risk

To achieve the prudent liquidity risk management the Group holds sufficient cash for operation.

The Group's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.



The table below analyses the Group's financial liabilities and derivative financial instruments that will be settled on a gross basis into relevant maturity groups based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year HK\$	Between 1 and 2 years HK\$	Between 2 and 5 years HK\$	Total HK\$
Group				
At 31st March 2009				
Amounts due to associated companies	17,962,433	–	–	17,962,433
Trade and other payables	2,528,388	62,695	–	2,591,083
At 31st March 2008				
Amounts due to associated companies	8,250,210	–	–	8,250,210
Trade and other payables	2,971,652	63,924	39,000	3,074,576
Derivative financial instruments	76,022,125	–	–	76,022,125
	Less than 1 year HK\$	Between 1 and 2 years HK\$	Between 2 and 5 years HK\$	Total HK\$
Company				
At 31st March 2009				
Amounts due to subsidiaries	16,493,244	–	–	16,493,244
Amounts due to associated companies	17,962,433	–	–	17,962,433
Trade and other payables	2,075,289	15,600	–	2,090,889
At 31st March 2008				
Amounts due to subsidiaries	15,297,501	–	–	15,297,501
Amounts due to associated companies	8,250,210	–	–	8,250,210
Trade and other payables	2,436,260	–	–	2,436,260
Derivative financial instruments	76,022,125	–	–	76,022,125

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 FINANCIAL RISK MANAGEMENT (continued)

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and to support future development of the business. The Group's strategy remains unchanged from the year ended 31st March 2008 and is to maintain net cash position.

The Group considers the total equity of the Group as its capital.

The Group reviews the capital structure periodically and manages its overall capital structure through payment of dividends.

(c) Fair value estimation

The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined on the basis set out in Note 2(g).

The carrying amounts of trade and other receivables, cash and cash equivalents and trade and other payables approximate their fair values. The fair value of other financial assets and liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.



(a) **Fair value of investment properties**

The fair values of investment properties are determined by an independent valuer on an open market for existing use basis with reference to comparable market transactions. In making the judgement, the Group considers information from a variety of sources including:

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

If information on current or recent prices of investment properties is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at each balance date.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals, expected future market rentals, maintenance requirements and appropriate discount rates. These valuations are regularly compared to actual market yield data, actual transactions by the Group and those reported by the market. The valuations are reviewed annually by an external valuer.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(b) Income taxes

The Group is subject to income taxes in Hong Kong. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred taxation assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(c) Fair value of derivative financial instruments

The fair value of derivative financial instruments that is not traded in an active market (for example, over-the-counter derivatives) is determined with reference to the valuation performed by an independent valuer, using the Binomial Option Pricing Model. In making the judgement, considerations have been given to assumptions that are mainly based on market conditions existing at the balance sheet date.

5 REVENUES/TURNOVER

	2009 HK\$	2008 HK\$
Rental income		
Investment properties	1,182,163	1,208,823
Other properties	1,567,417	3,439,665
Management fee income	1,145,462	1,149,614
Interest income		
Banks	2,543,391	4,813,363
Unlisted securities	443,290	5,889,955
Financial assets at fair value through profit or loss	518,144	1,130,641
Dividend income		
Listed investments	1,113,549	235,475
Unlisted investments	1,294,072	81,265
Construction supervision fee income	253,400	481,550
	10,060,888	18,430,351



6 OTHER GAINS/(LOSSES) – NET

	2009 HK\$	2008 HK\$
Net exchange gains/(losses)	152,813	(492,301)
Sundries	232,642	158,998
	385,455	(333,303)

7 EXPENSES BY NATURE

	2009 HK\$	2008 HK\$
Direct outgoings in relation to properties that generate income		
Investment properties	269,246	127,318
Other properties	751,947	294,440
Amortisation of leasehold land	48,707	48,707
	1,069,900	470,465
Staff costs (including Directors' remuneration)		
Salaries and other emoluments	3,999,602	3,648,315
Contributions to retirement schemes (<i>Note 10</i>)	213,771	190,126
	4,213,373	3,838,441
Other operating expenses		
Auditor's remuneration		
Audit fees	458,230	347,350
Non-audit fees	323,050	121,800
Donation	300,000	–
Others	768,935	639,839
	1,850,215	1,108,989

8 SHARE OF PROFITS LESS LOSSES OF ASSOCIATED COMPANIES

The Group's share of results of associated companies included the Group's share of fair value gains on investment properties held by associated companies net of related taxation amounting to HK\$10,293,546 (2008: HK\$48,273,149).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of each of the Directors of the Company is set out below:

	Fees	
	2009 HK\$	2008 HK\$
Executive Directors		
Mr. Cheung Kee Wee	80,000	80,000
Mr. Cheung Lin Wee	80,000	80,000
Mr. Cheung Ying Wai, Eric	80,000	80,000
Non-executive Directors		
Mr. John Ho	80,000	80,000
Mr. Ng Kwok Tung	80,000	80,000
Independent Non-executive Directors		
Mr. Lam Hon Keung, Keith	80,000	80,000
Mr. Chan Woon Kong	80,000	80,000
Mr. Soo Hung Leung, Lincoln	80,000	80,000
Directors' fees	640,000	640,000

No other emoluments were paid and none of the Directors has waived the right to receive their emoluments for the years ended 31st March 2009 and 2008.

Details of the emoluments paid to the five individuals, none of whom are Directors, whose emoluments were the highest in the Group are:

	2009 HK\$	2008 HK\$
Salaries and other emoluments	1,867,289	1,517,311
Contributions to retirement schemes	96,719	63,721
	1,964,008	1,581,032

The emoluments of each of the five highest paid individuals are below HK\$1,000,000 for the years ended 31st March 2009 and 2008.



10 RETIREMENT SCHEMES

The Group operates two defined contribution retirement schemes in Hong Kong which comply with the respective requirements of the Occupational Retirement Schemes Ordinance (“ORSO”) and Mandatory Provident Fund (“MPF”) Schemes Ordinance. The schemes cover all the employees of the Group. All the assets under the schemes are held separately from the Group under independently administered funds. Contributions to the MPF Scheme follow the MPF Schemes Ordinance while contributions to the ORSO Scheme are based on a percentage of employee salary depending upon the length of employment.

11 INCOME TAX CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 17.5%) on the estimated assessable profit for the year.

	2009 HK\$	2008 HK\$
Hong Kong profits tax		
Provision for the year	(170,769)	(127,261)
Over-provision in prior years	77,803	–
Deferred income tax (<i>Note 24</i>)	3,898,212	368,873
	3,805,246	241,612

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 INCOME TAX CREDIT (continued)

The income tax credit/(expense) on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the tax rate of Hong Kong, the country in which the Group operates, as follows:

	2009 HK\$	2008 HK\$
(Loss)/profit before income tax, excluding share of profits less losses of associated companies	(28,200,782)	4,770,722
Calculated at a tax rate of 16.5% (2008: 17.5%)	4,653,129	(834,876)
Over-provision in prior years	77,803	–
Income not subject to tax	1,011,875	2,272,444
Expenses not deductible for tax purposes	(2,156,856)	(1,189,258)
Change in tax rate	260,647	–
Tax losses not recognised	(41,368)	(477)
Utilisation of previously unrecognised tax losses	–	951
Others	16	(7,172)
Income tax credit	3,805,246	241,612

12 DIVIDENDS

	2009 HK\$	2008 HK\$
Interim dividend paid of HK2 cents (2008: HK2 cents) per share	2,419,200	2,419,200
Proposed final dividend of HK4 cents (2008: HK4 cents) per share	4,838,400	4,838,400
	7,257,600	7,257,600

At the Board meeting held on Monday, 13th July 2009, the Board proposed a final dividend of HK4 cents per share. This proposed dividend will be accounted for as an appropriation of retained profits for the year ending 31st March 2010.



13 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.

	2009 HK\$	2008 HK\$
Profit attributable to equity holders of the Company	8,271,316	71,000,458
Weighted average number of ordinary shares in issue	120,960,000	120,960,000
Basic and diluted earnings per share (HK cents)	6.8 cents	58.7 cents

The Company has no dilutive potential ordinary shares.

14 INVESTMENT PROPERTIES

	Group and Company	
	2009 HK\$	2008 HK\$
Valuation		
At beginning of year	44,180,000	34,000,000
Fair value gains	6,370,000	10,180,000
At end of year	50,550,000	44,180,000

The investment properties are held on operating leases of over 50 years in Hong Kong. As at 31st March 2009 and 2008, the investment properties were revalued on an open market value basis by C S Surveyors Limited, an independent qualified professional valuer.

The Group leases out its investment properties under operating leases. Leases typically run for an initial period of one to two years, with some having the option to renew, at which time all terms are renegotiated.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 SUBSIDIARIES

	Company	
	2009	2008
	HK\$	HK\$
Unlisted shares, at cost less provision	110,344	110,344

Particulars of the subsidiaries, all of which are wholly-owned by the Company, are as follows:

Name	Principal activities	Particulars of issued share capital
Festigood Company Limited	Property development	2 ordinary shares of HK\$1 each
Galy Property Management Limited	Property management	2 ordinary shares of HK\$1 each
Khanman Property Limited	Dormant	2 ordinary shares of HK\$100 each
Tai Kong Shan Realty Limited	Property investment	100,000 ordinary shares of HK\$1 each
Tinpoly Realty Limited	Property investment	4 ordinary shares of HK\$10 each
Wah Ha Construction Company Limited	Building contractor	2 ordinary shares of HK\$1 each
Wah Ha Real Estate Agency Limited	Property agency	1,000 ordinary shares of HK\$10 each
WH Properties Limited	Dormant	100 ordinary shares of HK\$1 each

All subsidiaries are incorporated and operate in Hong Kong and are held directly by the Company.

Amounts due from subsidiaries are unsecured, interest-free and have no specific repayment terms.



	Company	
	2009	2008
	HK\$	HK\$
Amounts due from subsidiaries	2,181,997	2,038,490
Less: provision for impairment	(1,011,998)	(760,998)
	1,169,999	1,277,492

Movements in the provision for impairment of amounts due from subsidiaries are as follows:

	Company	
	2009	2008
	HK\$	HK\$
At beginning of the year	760,998	–
Charged to the income statement	251,000	760,998
At end of the year	1,011,998	760,998

16 ASSOCIATED COMPANIES

	2009	2008
	HK\$	HK\$
Investments in associated companies		
Group – share of net assets	261,407,052	239,945,201
Company – unlisted shares, at cost less provision	1,140,618	1,140,618

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 ASSOCIATED COMPANIES (continued)

	Group and Company	
	2009 HK\$	2008 HK\$
Amounts due from associated companies		
– Non-current portion (Note a)	78,918,929	85,586,205
– Current portion (Note b)	51,223,187	44,041,193
Less: provision for impairment (Note c)	(23,295,000)	(22,500,000)
	106,847,116	107,127,398
Amounts due to associated companies (Note b)	(17,962,433)	(8,250,210)
	88,884,683	98,877,188

Notes:

- (a) The Company confirmed that these balances are unsecured, interest free and have no specific repayment terms but are not expected to be repaid within one year.
- (b) Amounts due from/to associated companies are unsecured, interest free and have no specific repayment terms.
- (c) Movements in the provision for impairment of amounts due from associates are as follows:

	Group and Company	
	2009 HK\$	2008 HK\$
At beginning of the year	22,500,000	22,500,000
Charged to the income statement	795,000	–
At end of the year	23,295,000	22,500,000

The Group has not provided any guarantees in respect of any borrowings or facilities of the associated companies and has not entered into any agreements to make further advances to the associated companies.



The Group's share of results, assets and liabilities of the associated companies is summarised as follows:

(a) Results

	2009 HK\$	2008 HK\$
Revenues	30,555,688	25,980,795
Profit for the year	32,666,852	65,988,124

(b) Net assets

	2009 HK\$	2008 HK\$
Assets	414,032,585	392,703,206
Liabilities	(152,625,533)	(152,758,005)
Net assets	261,407,052	239,945,201

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 ASSOCIATED COMPANIES (continued)

Particulars of the associated companies are as follows:

Name	Principal activities	Particulars of issued share capital	Effective percentage of equity held by the Group
Cantake Land Investment Company Limited	Property development	6,000,000 ordinary shares of HK\$1 each	25
Chase Good Development Limited	Property development	4 ordinary shares of HK\$1 each	25
Daily Eagle Development Limited	Property development	4 ordinary shares of HK\$1 each	25
Eastern Tailor Enterprises Limited	Property investment	10,000 ordinary shares of HK\$1 each	25
Fu Kung San Realty Limited	Investment holding	100 ordinary shares of HK\$10 each	50
Fullion Realty Limited	Property investment	4 ordinary shares of HK\$10 each	50
Fupoly Properties Limited	Property investment	10,000 ordinary shares of HK\$10 each	25
Hinquand Enterprise Limited	Property investment	1,000 ordinary shares of HK\$10 each	50
Kam Lee Wah Realty Limited	Property investment	100,000 ordinary shares of HK\$1 each	50
Keneva Company Limited	Property development	20 ordinary shares of HK\$10 each	25
Kin Yuen Hing Investment Company Limited	Property development	200,000 ordinary shares of HK\$1 each	50



Name	Principal activities	Particulars of issued share capital	Effective percentage of equity held by the Group
Mass Collection Company Limited	Property development	2 ordinary shares of HK\$1 each	50
Remadour Estate Limited	Property investment	10,000 ordinary shares of HK\$1 each	25
Sing Mei Properties Limited	Property investment	69,513 ordinary shares of HK\$100 each	25
Star Fortune Investments Limited	Provision of finance	2 ordinary shares of HK\$1 each	50
Sun Prince Godown Limited	Property investment	100,000 ordinary shares of HK\$10 each	50
Sun Tai Tsuen Godown Company Limited	Property investment	100,000 ordinary shares of HK\$10 each	50
Wah Ha Property Development Limited	Property investment	10 ordinary shares of HK\$10 each	50

All associated companies are incorporated and operate in Hong Kong and are held directly by the Company except for Sing Mei Properties Limited which is 50% owned by a 50% owned associated company, Fu Kung San Realty Limited.

17 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group and Company	
	2009	2008
	HK\$	HK\$
Unlisted shares, at cost	250,448	250,448

The Directors are of the opinion that the fair value of the available-for-sale financial assets cannot be reliably measured since there are no recent market transactions between knowledgeable, willing parties on an arm's length basis and future cash flows available from the available-for-sale financial assets cannot be determined reliably. Accordingly, the available-for-sale financial assets are stated at cost.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 COMPLETED PROPERTIES HELD FOR SALE

	Group		Company	
	2009 HK\$	2008 HK\$	2009 HK\$	2008 HK\$
Leasehold land in Hong Kong, held on leases of between 10 to 50 years				
At beginning of year	2,101,483	2,150,190	272,077	278,123
Amortisation of leasehold land (Note 7)	(48,707)	(48,707)	(6,046)	(6,046)
At end of year	2,052,776	2,101,483	266,031	272,077
Development costs capitalised	3,622,162	3,622,162	212,762	212,762
	5,674,938	5,723,645	478,793	484,839

19 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009 HK\$	2008 HK\$	2009 HK\$	2008 HK\$
Trade receivables				
Within 3 months	180,526	215,311	8,750	13,000
Between 4 and 6 months	46,245	47,729	–	–
Over 6 months	481,110	947,482	–	–
	707,881	1,210,522	8,750	13,000
Other receivables	102,072	273,592	94,150	204,093
Amount due from a related company	–	150,000	–	150,000
Prepayments and utility deposits	298,383	260,879	265,572	226,501
	1,108,336	1,894,993	368,472	593,594



Notes:

- (a) Trade receivables represent rental and management fee receivables. Rental receivable 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 receivable is normally due for payment upon presentation of debit note at the end of each month. The above ageing analysis is based on the debit note date.

Receivables are denominated in Hong Kong dollar and the Directors consider that the fair value of these receivables at the balance sheet date was approximately their carrying amounts.

- (b) As at 31st March 2009, trade receivables of HK\$707,881 (2008: HK\$1,210,522) were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default.

20 SHORT-TERM INVESTMENTS

	Group and Company	
	2009	2008
	HK\$	HK\$
Financial assets at fair value through profit or loss		
Listed shares – Hong Kong	41,862,100	10,562,800
Listed shares – Overseas	1,282,887	4,715,511
Unlisted quoted investment fund	17,023	210,619
Unlisted bonds	–	9,338,760
	43,162,010	24,827,690
Unlisted securities, at amortised cost	–	127,186,644
	43,162,010	152,014,334
Market value of listed securities	43,144,987	15,278,311

The effective interest rate on unlisted securities of the Group and the Company was 2.78% in 2008. The carrying amounts of unlisted securities approximated their fair values.

The majority of the short-term investments is denominated in the Hong Kong dollar.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21 CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 HK\$	2008 HK\$	2009 HK\$	2008 HK\$
Cash in hand	12,000	12,000	–	–
Cash at financial institutions	2,248,864	10,727,717	1,267,772	5,803,212
Short-term bank deposits	210,992,423	128,172,597	205,166,735	126,404,296
	213,253,287	138,912,314	206,434,507	132,207,508

The cash at financial institutions and short-term bank deposits are placed with the following banks in Hong Kong and are protected by the Deposit Protection Scheme, a guarantee offered by the Hong Kong Special Administrative Region Government's Exchange Fund until 31st December 2010, in case of default by banks:

	Group		Company	
	2009 HK\$	2008 HK\$	2009 HK\$	2008 HK\$
The Bank of East Asia, Limited	212,900,344	133,551,238	206,093,564	126,858,432
Others	340,943	5,349,076	340,943	5,349,076
	213,241,287	138,900,314	206,434,507	132,207,508

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2009 HK\$	2008 HK\$	2009 HK\$	2008 HK\$
Hong Kong dollar	122,094,279	137,240,955	115,275,499	130,536,149
United States dollar	91,159,008	1,671,359	91,159,008	1,671,359
	213,253,287	138,912,314	206,434,507	132,207,508



22 SHARE CAPITAL

	Company	
	2009	2008
	HK\$	HK\$
<i>Authorised:</i>		
150,000,000 ordinary shares of HK\$0.65 each	97,500,000	97,500,000
<i>Issued and fully paid:</i>		
120,960,000 ordinary shares of HK\$0.65 each	78,624,000	78,624,000

23 RETAINED PROFITS

	Group	Company
	HK\$	HK\$
At 31st March 2007	517,954,817	320,092,108
Profit for the year	71,000,458	3,431,255
2007 final dividend	(4,838,400)	(4,838,400)
2008 interim dividend	(2,419,200)	(2,419,200)
At 31st March 2008	581,697,675	316,265,763
Profit/(loss) for the year	8,271,316	(14,152,295)
2008 final dividend	(4,838,400)	(4,838,400)
2009 interim dividend	(2,419,200)	(2,419,200)
At 31st March 2009	582,711,391	294,855,868

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24 DEFERRED INCOME TAX

Deferred income tax is calculated in full on temporary differences under the liability method using a tax rate of 16.5% (2008: 17.5%).

	Group		Company	
	2009 HK\$	2008 HK\$	2009 HK\$	2008 HK\$
Deferred income tax assets	150,969	152,726	–	–
Deferred income tax liabilities	(814,037)	(4,714,006)	(814,037)	(4,714,006)
	(663,068)	(4,561,280)	(814,037)	(4,714,006)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The above assets/(liabilities) shown in the consolidated balance sheet are determined after appropriate offsetting of the relevant amounts.

A substantial portion of deferred income tax assets and liabilities will be recovered/settled after twelve months from the balance sheet date.



The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Assets/(liabilities)				Total HK\$
	Tax losses HK\$	Amortisation of leasehold land HK\$	Accelerated depreciation allowances HK\$	Fair value gains on investment properties HK\$	
Group					
At 31st March 2007	21,747	179,117	(108,117)	(5,022,900)	(4,930,153)
Credited/(charged) to income statement (<i>Note 11</i>)	2,157,468	8,525	(15,620)	(1,781,500)	368,873
At 31st March 2008	2,179,215	187,642	(123,737)	(6,804,400)	(4,561,280)
Credited/(charged) to income statement (<i>Note 11</i>)	4,563,979	(2,685)	(855)	(662,227)	3,898,212
At 31st March 2009	6,743,194	184,957	(124,592)	(7,466,627)	(663,068)
Company					
At 31st March 2007	–	34,916	(108,117)	(5,022,900)	(5,096,101)
Credited/(charged) to income statement	2,179,215	1,059	(16,679)	(1,781,500)	382,095
At 31st March 2008	2,179,215	35,975	(124,796)	(6,804,400)	(4,714,006)
Credited/(charged) to income statement	4,563,979	(1,059)	(724)	(662,227)	3,899,969
At 31st March 2009	6,743,194	34,916	(125,520)	(7,466,627)	(814,037)

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. Deferred tax assets of HK\$253,000 (2008: HK\$225,000) arising from unused tax losses of HK\$1,535,000 (2008: HK\$1,285,000) have not been recognised in the financial statements. These tax losses have no expiry date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25 TRADE AND OTHER PAYABLES

	Group		Company	
	2009 HK\$	2008 HK\$	2009 HK\$	2008 HK\$
Trade payables				
Within 90 days	195	241	96	–
Over 90 days	–	10	–	10
	195	251	96	10
Other payables	845,514	958,204	810,800	793,221
Amounts due to related companies	28,456	317,513	–	290,000
Rental and utility deposits received	579,398	674,098	313,100	375,850
Accrued expenses	1,137,520	1,124,510	966,893	977,179
	2,591,083	3,074,576	2,090,889	2,436,260

The amounts due to related companies are unsecured, interest free and payable on demand.

26 DERIVATIVE FINANCIAL INSTRUMENTS

As at 31st March 2008, the Group and the Company had a share forward contract. Under the terms of the contract, the Group was obliged to acquire the designated share at a forward price on a weekly basis from 31st January 2008 to 22nd January 2009. The contract required no initial cost. A pre-determined number of shares was acquired on a weekly basis. If the share price of the designated share falls below the forward price, the Group has to acquire twice of the pre-determined number of shares. The contract is closed out immediately when the share price of the designated share triggers the knock-out price.



The fair value of the share forward contract had been determined by an independent professional valuer, BMI Appraisals Limited, using the Binomial Option Pricing Model. The significant inputs of the model were share price of HK\$133.60 at the year end, forward price of HK\$147.33, the remaining life of the contract of approximately 10 months, expected volatility of the designated share of 60.52%, expected dividend yield of 3.47% and risk-free rate of 0.91%.

As at 31st March 2008, the Company had a contractual commitment to acquire the designated share with a maximum obligation of HK\$76,022,125. All short-term investments and cash at a financial institution of HK\$5,349,076 had been pledged as securities in respect of the obligation.

This financial liability was subject to financial risk exposure in term of price risk as set out in Note 3(a)(ii).

27 OPERATING LEASE RENTAL RECEIVABLE

The future aggregate minimum lease rental income under non-cancellable operating leases in respect of land and buildings is receivable in the following years:

	Group		Company	
	2009 HK\$	2008 HK\$	2009 HK\$	2008 HK\$
First year	1,931,922	1,160,819	981,000	372,300
Second to fifth years inclusive	165,635	197,975	67,500	–
	2,097,557	1,358,794	1,048,500	372,300

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 SIGNIFICANT RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions carried out in the normal course of the Group's business during the year, other than those disclosed elsewhere in the financial statements.

	2009 HK\$	2008 HK\$
Related company		
Estate agency fee income	150,000	150,000

The Group provided estate agency services to a related company at a fixed annual fee.

The key management of the Company refer to the Directors and their remuneration are set out in Note 9.

29 SEGMENT INFORMATION

The principal activities of the Group include those relating to investment holding, property investment and management. 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 and geographical segments as the secondary reporting format.

Segment assets consist primarily of investment properties, short-term investments, receivables and completed 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. 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.



	Property investment and management HK\$	Investments HK\$	Total HK\$
Year ended 31st March 2009			
Revenues	4,148,442	5,912,446	10,060,888
Segment results	8,020,540	(31,818,379)	(23,797,839)
Unallocated costs			(4,402,943)
Operating loss			(28,200,782)
Share of profits less losses of associated companies	32,666,852	–	32,666,852
Profit before income tax			4,466,070
Income tax credit			3,805,246
Profit attributable to equity holders of the Company			8,271,316
Segment assets	164,336,688	43,256,160	207,592,848
Associated companies	261,407,052	–	261,407,052
Unallocated assets			213,732,449
Total assets			682,732,349
Segment liabilities	20,416,516	–	20,416,516
Unallocated liabilities			980,442
Total liabilities			21,396,958
Changes in fair value of investment properties	6,370,000	–	6,370,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29 SEGMENT INFORMATION (continued)

	Property investment and management HK\$	Investments HK\$	Total HK\$
Year ended 31st March 2008			
Revenues	6,279,652	12,150,699	18,430,351
Segment results	14,585,947	(6,430,033)	8,155,914
Unallocated costs			(3,385,192)
Operating profit			4,770,722
Share of profits less losses of associated companies	65,988,124	–	65,988,124
Profit before income tax			70,758,846
Income tax credit			241,612
Profit attributable to equity holders of the Company			71,000,458
Segment assets	158,972,395	152,218,423	311,190,818
Associated companies	239,945,201	–	239,945,201
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
Changes in fair value of investment properties	10,180,000	–	10,180,000

FIVE YEAR FINANCIAL SUMMARY |||||

	2009 HK\$'000	2008 HK\$'000	2007 HK\$'000	2006 HK\$'000	2005 HK\$'000
Results					
Year ended 31st March					
Revenues/turnover	10,061	18,430	20,286	12,720	8,026
Profit before income tax	4,466	70,759	50,322	41,412	51,415
Profit attributable to equity holders of the Company	8,271	71,000	48,531	40,272	50,315
Dividends	7,258	7,258	4,838	4,838	4,838
Assets and liabilities					
As at 31st March					
Investment properties	50,550	44,180	34,000	29,500	26,150
Investments in associated companies	261,407	239,945	151,457	135,312	109,236
Amounts due from associated companies	55,624	63,086	92,155	101,131	107,130
Available-for-sale financial assets/Long-term investments	250	250	250	250	250
Deferred income tax assets	151	153	166	137	172
Current assets	314,750	342,916	422,919	315,156	294,907
Total assets	682,732	690,530	700,947	581,486	537,845
Share capital	78,624	78,624	78,624	78,624	78,624
Retained profits	582,711	581,698	517,955	474,262	438,828
Total equity	661,335	660,322	596,579	552,886	517,452
Deferred income tax liabilities	814	4,714	5,096	4,300	3,649
Current liabilities	20,583	25,494	99,272	24,300	16,744
Total liabilities	21,397	30,208	104,368	28,600	20,393
Total equity and liabilities	682,732	690,530	700,947	581,486	537,845

The financial information of 2005 has been restated following the adoption of the new and revised Hong Kong Financial Reporting Standards in 2006.

FINANCIAL SUMMARY OF ASSOCIATED COMPANIES

A significant portion of the Group's property development and investment activities is undertaken by associated companies. However, none of the individual associated company is significant in relation to the results and net assets of the Group. To provide equity holders with information on the financial performance and position of the associated companies, the following is a summary of the aggregated results and net assets of the Group's associated companies for the year ended 31st March 2009:

	2009	2008
	HK\$	HK\$
Results		
Revenues	30,555,688	92,614,354
Operating profit	86,692,664	73,015,269
Changes in fair value of investment properties	38,662,797	219,871,328
Profit before income tax	125,355,461	292,886,597
Income tax expense	(15,543,781)	(46,119,193)
Profit for the year	109,811,680	246,767,404
Group's share of profits less losses after income tax	32,666,852	65,988,124
Net assets		
Non-current assets	1,242,069,405	1,202,165,262
Current assets	255,439,621	260,115,409
Net amounts due to equity holders	(501,945,534)	(554,342,040)
Non-current liabilities	(93,106,509)	(90,028,668)
Current liabilities	(44,758,224)	(46,022,884)
Net assets	857,698,759	771,887,079
Group's share of net assets	261,407,052	239,945,201

PRINCIPAL PROPERTIES

As at 31st March 2009

(A) FOR INVESTMENT

Description	Lot No.	Type	Lease Term	Registered Owner
GROUP				
Hong Kong				
Flats B & C on 2/F, Hin Wah Building at Nos. 446-450 Hennessy Road, Causeway Bay	The Remaining Portion ("RP") of Sub-Section ("Subsec.") 1 of Section ("Sec.") A of Marine Lot No. 269; RP of Sec. A of Marine Lot No. 269; and RP of Sec. E of Marine Lot No. 201	Commercial	Long Lease	Wah Ha Realty Company Limited
Flat C on 12/F, Wah Ha Factory Building at No. 8 Shipyard Lane, Quarry Bay	Subsec. 6 of Sec. E of Quarry Bay Marine Lot No. 2 and the extension thereto	Industrial	Long Lease	Wah Ha Realty Company Limited
Apartment B on 1/F & 2/F & 2 carparks, Repulse Bay Towers at No. 119A Repulse Bay Road, Repulse Bay	Sec. B of Rural Building Lot No. 168; RP of Sec. A of Rural Building Lot No. 168; and Sec. B of Subsec. 3 of Sec. A of Rural Building Lot No. 168	Residential	Long Lease	Wah Ha Realty Company Limited
ASSOCIATED COMPANIES				
Hong Kong				
Flat 11 on G/F of Montane Mansion at King's Road, Quarry Bay	Sec. C of Inland Lot No. 8104	Commercial	Long Lease	Wah Ha Property Development Limited
G/F & 2/F, Midland Centre (82 shops) at No. 328 Queen's Road Central	Inland Lot No. 8426	Commercial	Long Lease	Hinquand Enterprise Limited
Flat 2 on G/F and Basement and 2 carparks on Basement, Stewart Terrace at Nos. 81-95 Peak Road	Rural Building Lot Nos. 299-306	Residential	Medium Lease	Wah Ha Property Development Limited

PRINCIPAL PROPERTIES (CONTINUED)

As at 31st March 2009

(A) FOR INVESTMENT (continued)

Description	Lot No.	Type	Lease Term	Registered Owner
ASSOCIATED COMPANIES (continued)				
Hong Kong (continued)				
Flat A on 6/F & 1 carpark, Mountain Lodge at No. 44 Mount Kellett Road	Rural Building Lot No. 199	Residential	Long Lease	Wah Ha Property Development Limited
Belvedere (5 townhouses & 12 carparks) at No. 41 Chung Hom Kok Road, Chung Hom Kok	Rural Building Lot No. 968	Residential	Long Lease	Remadour Estate Limited
Vista Stanley (8 duplex units, 4 flats and 23 carparks) at No. 20 Stanley Village Road, Stanley	RP of Rural Building Lot No. 239	Residential	Long Lease	Eastern Tailor Enterprises Limited
Horizon Plaza at No. 2 Lee Wing Street, Ap Lei Chau West, Aberdeen	Ap Lei Chau Inland Lot No. 122	Commercial	Medium Lease	Daily Eagle Development Limited and Double Joy Investment Company Limited
New Territories				
Central Trading Centre at No. 9 Lok Yip Road, On Lok Tsuen, Fanling	Fanling Sheung Shui Town Lot No. 23	Industrial/ Godown	Medium Lease	Chase Good Development Limited
Belair Villa (14 townhouses, 24 duplex units and 52 carparks) at No. 9 Yu Tai Road, Kai Leng, Fanling	Fanling Sheung Shui Town Lot No. 116	Residential	Medium Lease	Cantake Land Investment Company Limited



(B) FOR SALE

Description	Lot No.	Type	Approximate Gross		Group's Effective Interest (%)
			Floor Area (sq. ft.)	Registered Owner	
Hong Kong					
Shops Nos. 10, 26 & 37 on 1/F, Gold Mine Building at No. 345 Chai Wan Road, Chai Wan	Chai Wan Inland Lot No. 80	Commercial	773	Kam Lee Wah Realty Limited and Kamlloyds Company Limited	25
Eight Commercial Tower (186 office/industrial units, 69 shops on G/F and 1/F & 162 carparks) at junction of Sun Yip Street and On Yip Street, Chai Wan	Chai Wan Inland Lot No. 144	Office/Industrial Commercial (G/F & 1/F)	238,590 36,853	Keneva Company Limited	25
Fully Building Shop 1 on G/F, 76 Wanchai Road, Wanchai	Subsec. 1 of Sec. A of Marine Lot No. 119; RP of Sec. A of Marine Lot No. 119; RP of Subsec. 1 of Sec. B of Marine Lot No. 119; Subsec. 2 of Sec. B of Marine Lot No. 119; RP of Sec. B of Marine Lot No. 119; and RP of Subsec. 2 of Sec. A of Marine Lot No. 119	Commercial	379	Fupoly Properties Limited	25
Kowloon					
Flat A on G/F, May Wah Court at Nos. 111 & 113 Chatham Road, Tsimshatsui	RP of Kowloon Inland Lot No. 9935 and RP of Kowloon Inland Lot No. 9936	Commercial	2,860	Wah Ha Realty Company Limited	100

PRINCIPAL PROPERTIES (CONTINUED)

As at 31st March 2009

(B) FOR SALE (continued)

Description	Lot No.	Type	Approximate Gross		Group's Effective Interest (%)
			Floor Area (sq. ft.)	Registered Owner	
New Territories					
Festigood Centre (4 units) at No. 8 Lok Yip Road, On Lok Tsuen, Fanling	Fanling Sheung Shui Town Lot No. 98	Industrial/ Godown	6,784	Festigood Company Limited	100
Delya Industrial Centre (31 units & 18 carparks) at Shek Pai Tau Road, Tuen Mun	Tuen Mun Town Lot No. 164	Industrial/ Godown	30,205	Tinpoly Realty Limited and Delya Realty Limited	50
Texaco Road Industrial Centre (27 units & 7 carparks) at Nos. 256-264 Texaco Road, Tsuen Wan	Tsuen Wan Town Lots Nos. 242 and 243	Industrial/ Godown	74,794	Sun Prince Godown Limited and Sun Tai Tsuen Godown Company Limited	50
Wing Kin Industrial Building (workshop on G/F & 1 carpark) at Nos. 4-6 Wing Kin Road, Kwai Chung	Kwai Chung Town Lot No. 273	Industrial	13,456	Tai Kong Shan Realty Limited and Good Fully Realty Limited	50
Good Harvest Centre (18 units & 1 carpark) at No. 33 On Chuen Street, On Lok Tsuen, Fanling	Fanling Sheung Shui Town Lot No. 100	Industrial/ Godown	26,469	Mass Collection Company Limited	50
Tsing Yi Industrial Centre at Nos. 1-33 Cheung Tat Road, Tsing Yi (Phase I: 11 units & 8 carparks) (Phase II: 6 units & 14 carparks)	Tsing Yi Town Lot No. 65	Industrial/ Godown	103,100 (Phase I: 91,644) (Phase II: 11,456)	Sing Mei Properties Limited	25
World Trade Square (159 units & 11 carparks) at No. 21 On Lok Mun Road, On Lok Tsuen, Fanling	Fanling Sheung Shui Town Lot No. 12	Industrial/ Godown	168,556	Kin Yuen Hing Investment Limited and Kin Ngai Enterprises Limited	25