

WAHHA

2002 ANNUAL REPORT

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CORPORATE INFORMATION

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Cheung Kee Wee, BBA, Chairman

Aged 50. Joined the Group and appointed a director in 1976. Elected Chairman in 2000. Has over 25 years' experience in the property and building construction industry. Son of Madam Chin Lan Hong. Brother of Messrs. Cheung Lin Wee and Cheung Ying Wai, Eric.

Madam Chin Lan Hong

Aged 76. Joined the Group and appointed a director in 1973. Mother of Messrs. Cheung Kee Wee, Cheung Lin Wee and Cheung Ying Wai, Eric.

Mr. Cheung Lin Wee, BFin

Aged 44. Joined the Group and appointed a director in 1985. Has over 15 years' experience in property management. Mainly responsible for the property management activities of the Group. Son of Madam Chin Lan Hong. Brother of Messrs. Cheung Kee Wee and Cheung Ying Wai, Eric.

Mr. Cheung Ying Wai, Eric, BSc

Aged 40. Joined the Group and appointed a director in 1999. Mainly responsible for the general management of the Group. Son of Madam Chin Lan Hong. Brother of Messrs. Cheung Kee Wee and Cheung Lin Wee.

Independent Non-Executive Directors

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

Aged 62. Appointed a director in 1993. A Committee Member of Far East Exchange Limited (1975-89) and The Stock Exchange of Hong Kong Limited (1983-94). An ex-President of Rotary Club of Hong Kong South (1976-77) and an appointed Legislative Councillor in the year 1984. Active in community and social involvements – Chairman of the Hong Kong Buddhist Hospital, Vice Chairman and Hon. Secretary of the Hong Kong Buddhist Association, a member of The Board of Kowloon-Canton Railway Corporation, The Board of Management of The Chinese Permanent Cemeteries and the Social Welfare Advisory Committee, etc.. A Fellow of the Institute of Directors and a member of the British Institute of Management.

Mr. John Ho, LLB

Aged 56. Appointed a director in 1994. 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, one of the Company's legal advisors in Hong Kong.

Mr. Ng Kwok Tung, LIA (Dip), Chinese Law (Dip), B.Com, CPA, CA, AHKSA, ATiHK

Aged 51. Appointed a director in December 2001. A practising accountant in Hong Kong. The sole proprietor of Messrs. Tony Kwok Tung Ng & Co.. Independent non-executive directors of Fountain Set (Holdings) Limited and Universe International Holdings Limited.

Senior Management

Mr. Chu Wing Man, Raymond, BBA, LLB, FHKSA, FCCA, ACIS,

Chief Accountant and Company Secretary

Aged 40. A professional accountant. Joined the Group as Chief Accountant and appointed the Company Secretary of the Company in 1998. Has over 15 years' experience in Accountancy.

CORPORATE INFORMATION *(Continued)*

AUDIT COMMITTEE

Mr. Lam Hon Keung, Keith (*Chairman*)
Mr. John Ho
Mr. Ng Kwok Tung

BANKERS

The Bank of East Asia, Limited

AUDITORS

PricewaterhouseCoopers

SHARE REGISTRARS

Hongkong Managers and Secretaries Limited
26th Floor
Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong
Telephone: (852) 2806 3606
Fax: (852) 2887 2054

REGISTERED OFFICE

Room 2500, Dominion Centre
43-59 Queen's Road East
Wanchai
Hong Kong
Telephone: (852) 2527 1821
Fax: (852) 2861 3771

STOCK CODES

The Stock Exchange of Hong Kong Limited
278
Reuters
0278.HK

WEBSITE

<http://www.wahha.com>

GROUP STRUCTURE

As at 31st March 2002

	Effective percentage of equity held by the Group	Principal activities
Holding Company		
Wah Ha Realty Company Limited	–	Investment holding
Subsidiary Companies		
Festigood Company Limited	100	Property development
Galy Property Management Limited	100	Property management
Khanman Construction Company 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
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
Keneva Construction Company Limited	25	Building contractor
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
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.

NOTICE OF ANNUAL GENERAL MEETING

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

1. To receive, consider and adopt the Audited Accounts and the Reports of the Directors and Auditors for the year ended 31st March 2002.
2. To declare a final dividend for the year ended 31st March 2002.
3. To re-elect Directors and fix the Directors’ fees.
4. To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company and authorize the Board to fix their remuneration.
5. As special business, to consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:
 - (A) “THAT:
 - (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase issued shares of HK\$0.65 each (“Shares”) in the capital of the Company subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, be and is hereby generally and unconditionally approved;
 - (b) the aggregate nominal amount of Shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of Shares of the Company in issue at the date of this resolution and the said approval shall be limited accordingly; and
 - (c) for the purposes of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:
 - (i) the conclusion of the next Annual General Meeting of the Company;
 - (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Companies Ordinance to be held; and
 - (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING *(Continued)*

- (B) “THAT the general mandate unconditionally given to the Directors to issue and dispose of additional shares not exceeding 20% of the existing issued share capital of the Company be and is hereby renewed until whichever is the earlier of:
- (a) the conclusion of the next Annual General Meeting of the Company;
 - (b) the expiration of the period within which the next Annual General Meeting of the Company is required by the Companies Ordinance to be held; and
 - (c) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”
- (C) “THAT conditional upon the passing of the Resolutions Nos. 5(A) and 5(B), the general mandate granted to the Directors to issue and dispose of additional shares pursuant to Resolution No. 5(B) be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution No. 5(A), provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing this resolution.”
6. As special business, to consider and, if thought fit, pass the following resolution as a Special Resolution:
- “THAT the Articles of Association of the Company be and is hereby amended in the following manner:
- (A) By adding the following definitions and marginal notes immediately after the definition of “dollars” and the marginal notes thereof in Article 2:
- | | |
|--------------------------|---|
| electronic communication | “electronic communication” shall mean a communication sent by electronic transmission in any form through any medium; |
| Entitled Person | “Entitled Person” shall mean an “entitled person” as defined under Section 2(1) of the Companies Ordinance; |
- (B) By adding the following definition and marginal note immediately after the definition of “Hong Kong” and the marginal note thereof in Article 2:
- | | |
|-------------------|---|
| the Listing Rules | “the Listing Rules” shall mean the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and any amendments thereto for the time being in force; |
|-------------------|---|

NOTICE OF ANNUAL GENERAL MEETING *(Continued)*

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

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

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

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

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

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

(B) Subject to paragraph (C) below, the Company shall send to every Entitled Person a copy of the relevant financial documents or (subject to compliance with the relevant provisions of the Companies Ordinance and the Listing Rules) the summary financial report not less than twenty-one days before the date of general meeting before which the relevant financial documents shall be laid.

(C) Where any Entitled Person (“Consenting Person”) has, in accordance with the Companies Ordinance and the Listing Rules and any applicable laws, rules and regulations, consented or is deemed to have consented to treat the publication of the relevant financial documents and/or the summary financial report (as the case may be) on the Company’s computer network to which such person may have access as discharging the Company’s obligation under the Companies Ordinance to send a copy of the relevant financial documents and/or the summary financial report (as the case may be) to such person, then the publication by the Company on its computer network of the relevant financial documents and/or the summary financial report (as the case may be) not less than twenty-one days before the date of the relevant general meeting shall, in relation to such Consenting Person, be deemed to discharge the Company’s obligations under paragraph (B).

NOTICE OF ANNUAL GENERAL MEETING *(Continued)*

- (F) By deleting Article 171 in its entirety and the marginal note thereof and substituting therefor the following Article and marginal note:

Services of notice 171. Any notice or document to be given or issued under these Articles shall be in writing, except that any such notice or document to be given or issued by or on behalf of the Company under these Articles (including any “corporate communication” within the meaning ascribed thereto in the Listing Rules) shall be in writing which may or may not be in a transitory form and may be recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form (including an electronic communication and publication on a computer network) whether having physical substance or not and may be served or delivered by the Company by any of the following means subject to and to such extent permitted by and in accordance with the Companies Ordinance, the Listing Rules and any applicable laws, rules and regulations:

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

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

NOTICE OF ANNUAL GENERAL MEETING *(Continued)*

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

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

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

NOTICE OF ANNUAL GENERAL MEETING *(Continued)*

- (H) By deleting Article 174 in its entirety and the marginal note thereof and substituting therefor the following Article and marginal note:

Services of notice to persons entitled on death, mental disorder or bankruptcy of a member	174. A notice or document may be given by or on behalf of the Company to the person entitled to a share in consequence of the death, mental disorder or bankruptcy of a member in such manner as provided in Article 171 in which the same might have been given if the death, mental disorder or bankruptcy had not occurred.
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- (I) By deleting the words “by post to, or left at the registered address of any member” in the first and second lines of Article 176 and substituting therefor the words ‘to any member in such manner as provided in Article 171.’”

- (J) By deleting Article 177 in its entirety and the marginal note thereof and substituting therefor the following Article and marginal note:

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

Hong Kong, 12th July 2002

Notes:

- (i) A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.
- (ii) To be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with the Company’s registered office, Room 2500, Dominion Centre, 43-59 Queen’s Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting thereof.

NOTICE OF ANNUAL GENERAL MEETING *(Continued)*

- (iii) The Register of Members of the Company will be closed from Friday, 16th August 2002 to Friday, 23rd August 2002, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Hongkong Managers and Secretaries Limited, 26th Floor, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong for registration not later than 4:00 p.m. on Thursday, 15th August, 2002.
- (iv) Concerning item 5 above, the present general mandates given by members to the Directors to issue and to repurchase shares of the Company expire at the conclusion of the forthcoming Annual General Meeting and, accordingly, a renewal of these general mandates is now being sought. The Directors wish to state that they have no immediate plans to issue any new shares or to repurchase any shares of the Company.
- (v) The Directors wish to state that the above proposed Special Resolution No. 6 is to facilitate the flexibility under the recent amendments of the Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited which allow the Company to send corporate documents through electronic means, in either English language or Chinese language, and to offer members the choice to receive summary financial report in place of Annual Report. The new arrangement if adopted by the Company will result in a reduction of the volume and costs of printed documents.
- (vi) The translation into Chinese language of this notice (including the proposed Special Resolution No. 6 which contains the proposed new Articles) is for reference only. In case of any inconsistency, the English version shall prevail.

CHAIRMAN'S STATEMENT

RESULTS

The profit attributable to shareholders for the year ended 31st March 2002 amounted to HK\$8,744,220 (2001: HK\$354,796). Earnings per share for the year was 7.2 cents (2001: 0.3 cents).

DIVIDENDS

The Board has resolved to recommend a final dividend of 2.0 cents (2001: 2.8 cents) per share for the year ended 31st March 2002. No interim dividend had been declared or paid (2001: 1.1 cents per share) during the year, total dividend for the year will amount to 2.0 cents (2001: 3.9 cents) per share.

FINANCIAL RESULTS

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

For the year ended 31st March 2002, the Group's turnover decreased by approximately 19.5% to HK\$13,668,777 (2001: HK\$16,976,204). This is mainly attributable to a contraction of interest income. The recorded interest income was a total of HK\$3.8 million lower than that of the previous year. Revenue from Construction Supervision Business was HK\$1.5 million which was HK\$0.5 million below that of the previous year. However, this was overshadowed by increases in rental and management fee income of HK\$1 million.

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

BUSINESS REVIEW

Property investment, management and building contractor

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

CHAIRMAN'S STATEMENT *(Continued)*

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

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

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

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

Investments and corporate services

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

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

PROSPECTS

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

In spite of the present lacklustre market conditions, the Group will continue focusing on its core business in Hong Kong. Local business environment will hence undoubtedly determine much of the Group's results. Mostly attributable to low interest rates, developer incentives and pro-housing policies promulgated by the Government, the volume of sales in the residential property market has improved since the later part of last year but has tapered off recently. A sustainable recovery is strongly anticipated through a restoration of confidence in the property market along with a reduction in future supply. Uncertainty nevertheless lingers in the face of adverse news involving massive layoffs, wage cuts, persisting deflation, growing jobless and personal bankruptcy rates as well as excessive future supply from both the Government and most large developers. In the global context, the news of US corporations' accounting scandals and tensions in the Middle East have also aggravated the lack of confidence in worldwide equity market, precipitating the local bearish sentiment.

CHAIRMAN'S STATEMENT *(Continued)*

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

APPRECIATION

I would like to take this opportunity to express my gratitude to all our board members for their invaluable contribution. I would also like to extend my appreciation to our shareholders for their continued support and our staff for their hard work and dedication.

Cheung Kee Wee
Chairman

Hong Kong, 12th July 2002

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report together with the audited accounts for the year ended 31st March 2002.

PRINCIPAL ACTIVITIES

The principal activities of the Company and the Group are property investment, development and management, building contractor and investment holding.

RESULTS

The results of the Company and its subsidiary companies (the “Group”) for the year ended 31st March 2002 are shown on page 21.

DIVIDENDS

The Directors have not declared any interim dividend during the year (2001: 1.1 cents per share totalling HK\$1,330,560). The Directors recommend the payment of a final dividend of 2.0 cents per share totalling HK\$2,419,200 (2001: 2.8 cents per share totalling HK\$3,386,880) which will be payable on Friday, 30th August 2002.

EMPLOYEE INFORMATION

The Group has less than 20 employees and their remuneration are maintained at competitive levels. Employees’ salaries are determined on performance basis with reference to the market trend. In addition, discretionary bonuses are granted to eligible employees by reference to the Group’s result and individual performance. Other benefits include education subsidies, medical and retirement benefits.

LIQUIDITY AND FINANCIAL RESOURCES

The Group is virtually debt-free and generally finances its operations with internally generated cash flows. The Group’s cash and bank balances amounted to HK\$62.2 million at 31st March 2002. The Board believes that the Group has sufficient financial resources for its operations. The Group has no exposure to foreign exchange rate fluctuation and material contingent liabilities.

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 46.

RESERVES

Movements in the reserves of the Company and the Group during the year are set out in note 22 to the accounts.

REPORT OF THE DIRECTORS *(Continued)*

PROPERTIES

Details of the movements in investment properties are shown in note 12 to the accounts.

Details of the properties held by the Group for sale and investment purposes are shown on pages 48 to 55.

DIRECTORS

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

Executive Directors

Mr. Cheung Kee Wee (*Chairman*)
Madam Chin Lan Hong
Mr. Cheung Lin Wee
Mr. Cheung Ying Wai, Eric

Independent Non-executive Directors

Mr. Lam Hon Keung, Keith
Mr. John Ho
Mr. Ng Kwok Tung (appointed on 14th December 2001)

In accordance with Article 94 of the Company's Articles of Association, Mr. Ng Kwok Tung retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

In accordance with Article 103(A) of the Company's Articles of Association, Mr. Cheung Kee Wee and Mr. John Ho retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

None of the Directors has a service contract with the Company or its subsidiary companies which is not determinable within one year without payment of compensation, other than statutory compensation.

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

REPORT OF THE DIRECTORS *(Continued)*

DIRECTORS' INTERESTS

At 31st March 2002, the beneficial interests of the Directors and their associates in the share capital of the Company as recorded in the Company's register maintained pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), were as follows:

Name of Directors	Personal Interests
Madam Chin Lan Hong	1,634,400
Mr. Cheung Kee Wee	598,160
Mr. Cheung Lin Wee	372,000
Mr. Cheung Ying Wai, Eric	10,000

None of the Directors had any Family Interests or Other Interests in the share capital of the Company and its associated corporations.

Apart from certain non-beneficial interests held for the benefit of the Company in respect of its wholly-owned subsidiary companies, the Directors, chief executives and their respective associates have no other interests in the subsidiary companies, beneficial or non-beneficial.

No contracts of significance in relation to the Company's business to which the Company or its subsidiary companies 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.

At no time during the year was the Company or its subsidiary companies a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31st March 2002, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that the Company had been notified of the following interests, being 10% or more, in its issued share capital.

Name of shareholder	Number of shares
Mr. Cheung Kung Hai, deceased	87,391,440

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiary companies has purchased, sold or redeemed any of the Company's 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

The aggregate turnover during the year attributable to the Group's five largest customers was 45% of the Group's total turnover, of which 15% was made to the largest customer.

The aggregate purchase of revenue items during the year attributable to the Group's five largest suppliers were less than 30% of the Group's total revenue purchases.

None of the Directors, their associates or any shareholder who to the knowledge of the directors owns more than five per cent of the Company's issued share capital has an interest in the major customers or suppliers disclosed above, except that Mr. Cheung Kung Hai, deceased, substantial shareholder of the Company, has beneficial interests in three of the Group's five largest customers and Madam Chin Lan Hong, Director of the Company, has beneficial interests in two of the Group's five largest customers.

THE CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year, except that Independent Non-executive Directors of the Company are not appointed for a specific term as they are subject to retirement by rotation in accordance with Article 103(A) of the Company's Articles of Association.

AUDIT COMMITTEE

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

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

REPORT OF THE DIRECTORS *(Continued)*

AUDITORS

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Cheung Kee Wee

Chairman

Hong Kong, 12th July 2002

REPORT OF THE AUDITORS

TO THE SHAREHOLDERS OF WAH HA REALTY COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

We have audited the accounts on pages 21 to 45 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Hong Kong Companies Ordinance requires the directors to prepare accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group as at 31st March 2002 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 12th July 2002

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2002

	Note	2002 HK\$	2001 HK\$
TURNOVER	3	13,668,777	16,976,204
COST OF SALES		(289,811)	(402,361)
GROSS PROFIT		13,378,966	16,573,843
OTHER REVENUES	4	1,115,492	2,122,859
GENERAL AND ADMINISTRATION EXPENSES		(5,167,062)	(6,025,931)
OTHER OPERATING EXPENSES		(8,914,782)	(7,220,263)
OPERATING PROFIT	5	412,614	5,450,508
SHARE OF PROFITS/(LOSSES) OF ASSOCIATED COMPANIES	6	10,863,576	(2,194,598)
PROFIT BEFORE TAXATION		11,276,190	3,255,910
TAXATION	9	(2,531,970)	(2,901,114)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		8,744,220	354,796
DIVIDENDS	10	2,419,200	4,717,440
EARNINGS PER SHARE	11	7.2 cents	0.3 cents

CONSOLIDATED BALANCE SHEET

As at 31st March 2002

	Note	2002 HK\$	2001 HK\$
NON-CURRENT ASSETS			
Investment properties	12	19,150,000	20,800,000
Associated companies	14	344,639,475	358,944,806
Other investments	15	250,448	250,448
Loans receivable	16	63,628	197,831
		<u>364,103,551</u>	<u>380,193,085</u>
CURRENT ASSETS			
Properties held for sale		7,365,948	7,365,948
Debtors and prepayments	17	3,231,288	3,326,116
Amounts due from related companies	18	637,086	470,243
Current portion of loans receivable	16	143,082	125,796
Taxation recoverable		5,937	85,882
Short-term investments	19	46,990,736	50,662,442
Cash and bank balances		62,228,458	54,492,337
		<u>120,602,535</u>	<u>116,528,764</u>
CURRENT LIABILITIES			
Creditors and accruals	20	1,689,272	6,799,195
Amounts due to related companies	18	1,071,164	780,640
Taxation payable		59,264	454,934
		<u>2,819,700</u>	<u>8,034,769</u>
NET CURRENT ASSETS		<u>117,782,835</u>	<u>108,493,995</u>
EMPLOYMENT OF FUNDS		<u>481,886,386</u>	<u>488,687,080</u>
Financed by:			
SHARE CAPITAL	21	78,624,000	78,624,000
RESERVES	22	403,252,079	410,044,739
SHAREHOLDERS' FUNDS		481,876,079	488,668,739
DEFERRED TAXATION	23	10,307	18,341
FUNDS EMPLOYED		<u>481,886,386</u>	<u>488,687,080</u>

Cheung Kee Wee
Director

Cheung Lin Wee
Director

BALANCE SHEET

As at 31st March 2002

	Note	2002 HK\$	2001 HK\$
NON-CURRENT ASSETS			
Investment properties	12	19,150,000	20,800,000
Subsidiary companies	13	(9,785,679)	(8,312,088)
Associated companies	14	276,356,975	282,253,661
Other investments	15	250,448	250,448
		<u>285,971,744</u>	<u>294,992,021</u>
CURRENT ASSETS			
Properties held for sale		1,124,945	1,124,945
Debtors and prepayments		415,792	560,547
Amount due from a related company	18	81,000	81,000
Short-term investments	19	46,990,736	50,662,442
Cash and bank balances		59,164,095	51,153,833
		<u>107,776,568</u>	<u>103,582,767</u>
CURRENT LIABILITIES			
Creditors and accruals		1,189,133	5,997,134
Amounts due to related companies	18	470,821	234,613
Taxation payable		—	430,427
		<u>1,659,954</u>	<u>6,662,174</u>
NET CURRENT ASSETS		<u>106,116,614</u>	<u>96,920,593</u>
NET ASSETS		<u>392,088,358</u>	<u>391,912,614</u>
Financed by:			
SHARE CAPITAL	21	78,624,000	78,624,000
RESERVES	22	313,464,358	313,288,614
SHAREHOLDERS' FUNDS		<u>392,088,358</u>	<u>391,912,614</u>

Cheung Kee Wee
Director

Cheung Lin Wee
Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March 2002

	Note	2002 HK\$	2001 HK\$
NET CASH INFLOW FROM OPERATING ACTIVITIES	24	<u>938,985</u>	<u>9,333,031</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		2,463,002	5,918,945
Dividends received from associated companies		6,500,000	58,577,554
Dividends received from listed investments		628,995	—
Dividends received from unlisted investments		405,000	—
Dividends paid		<u>(3,386,880)</u>	<u>(6,048,000)</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>6,610,117</u>	<u>58,448,499</u>
TAXATION			
Hong Kong profits tax paid		<u>(583,508)</u>	<u>(395,577)</u>
INVESTING ACTIVITIES			
Mortgage loans repaid		116,917	147,834
Disposal of short-term investments		59,382,520	13,830,963
Increase in short-term investments		<u>(64,625,596)</u>	<u>(69,722,675)</u>
Decrease/(increase) in investments in associated companies		<u>5,896,686</u>	<u>(46,583,254)</u>
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		<u>770,527</u>	<u>(102,327,132)</u>
INCREASE/(DECREASE) IN CASH AND BANK BALANCES		<u>7,736,121</u>	<u>(34,941,179)</u>
CASH AND BANK BALANCES AT BEGINNING OF YEAR		<u>54,492,337</u>	<u>89,433,516</u>
CASH AND BANK BALANCES AT END OF YEAR		<u>62,228,458</u>	<u>54,492,337</u>

NOTES TO THE ACCOUNTS

I PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and property investment. The activities of the subsidiary and associated companies are shown in notes 13 and 14 to the accounts respectively.

2 PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

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

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

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

The effect of adopting of these new and revised SSAPs, together with the principal accounting policies adopted in the preparation of these accounts, is set out below:

(b) Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiary companies made up to 31st March and the Group's attributable share of post acquisition results and reserves of its associated companies.

Results attributable to subsidiary and associated companies acquired or disposed of during the year are included in the consolidated profit and loss accounts from the date of acquisition or up to the date of disposal as applicable.

The profit and loss on disposal of subsidiary companies or associated companies is determined as the difference between the net disposal proceeds and the Group's share of net assets at the date of disposal including the attributable amount of goodwill or negative goodwill which remains unamortised.

All significant intercompany transactions and balances within the Group are eliminated.

NOTES TO THE ACCOUNTS *(Continued)*

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(c) Subsidiary Companies

A company is a subsidiary company if the Group holds for the long-term of more than half of the issued equity share capital, controls more than half of the voting power or controls the composition of the board of directors.

In the Company's balance sheet, investments in subsidiary companies are stated at costs less provision. Provision is made when, in the opinion of the directors, there is impairment in value other than temporary in nature. The results of subsidiary companies are accounted for by the Company on the basis of dividend income.

(d) Associated companies

An associated company is a company, not being a subsidiary company, in which an equity interest is held for the long-term and significant influence is exercised in its management.

The consolidated profit and loss accounts includes the Group's share of the results of associated companies, and the consolidated balance sheet includes the Group's share of net assets of the associated companies under the equity method.

In the Company's balance sheet, investments in associated companies are stated at cost or valuation less provision. Provision is made when, in the opinion of the Directors, there is a diminution in value other than temporary in nature.

(e) Goodwill

Goodwill represents the difference between the cost of an acquisition over the fair values ascribed to the Group's share of the net assets of the acquired subsidiary and associated companies at the effective date of acquisition. Goodwill is included in the balance sheet as a separate asset and amortised using the straight line method over its estimated useful life of not more than twenty years. Where the fair values ascribed to the net assets exceed the purchase consideration, such differences are recognised as income in the year of acquisition or over the weighted average useful life of the non-monetary assets.

In previous years, goodwill was taken directly to reserves. This accounting policy has been changed to conform with SSAP 30 Business combinations and such change has no effect to the accounts for the year.

The carrying amount of goodwill is reviewed annually and provision is only made where, in the opinion of the Directors, there is a long-term impairment in value.

NOTES TO THE ACCOUNTS *(Continued)*

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(f) Investments

Investments intended to be held for the long-term are included under non-current assets and carried at cost less provision. Provision is made when, in the opinion of the directors, there is impairment in value other than temporary in nature.

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are included under current assets and are carried at fair value. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair value of short-term investments are recognised in the profit and loss account.

All purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the assets. Cost of purchase includes transaction costs. Profits or losses on disposal of investments, representing the difference between the net sales proceeds and the carrying amounts, are recognised in the profit and loss account as they arise.

(g) Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their investment potential, any rental being negotiated at arm's length. Investment properties are carried at their open market values based on annual professional valuations by independent valuers at the balance sheet date. Increases in valuation are credited to the investment properties revaluation reserve; decreases are first set off against earlier valuation reserves on a portfolio basis and charged to the profit and loss account. Upon the disposal of an investment property, any relevant revaluation surplus realised is transferred to the profit and loss account.

No depreciation is provided on investment properties held on leases of more than twenty years.

(h) Properties under development

Properties under development comprise land at cost or valuation, construction costs, an appropriate proportion of overhead expenditure and interest attributable to the development, and profit taken to date, less sales instalments received and provisions for possible losses.

(i) Properties held for sale

Properties held for sale are stated at the lower of cost and estimated net realisable value. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

NOTES TO THE ACCOUNTS *(Continued)*

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(j) Construction contracts in progress

Construction contracts in progress are stated at cost less progress payments and provision for foreseeable losses.

(k) Deferred taxation

Deferred taxation is provided at the current rate of taxation under the liability method in respect of material timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or recoverable in the foreseeable future.

(l) Provisions

Provisions are recognised where there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(m) 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 profit and loss account on a straight-line basis over the lease terms.

(n) Revenue recognition

Sales of properties are recognised only when the sale agreements are completed or when the relevant building occupation permit is issued by the Building Authorities whichever is the later. Management fee 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, taking into account the principal amounts outstanding and the interest rates applicable. Dividend income is recognised when the right to receive payment is certain. Revenue from construction contracts in progress is recognised using the percentage of completion method, measured by reference to the cost incurred to date compared with the estimated total cost of the contracts.

NOTES TO THE ACCOUNTS *(Continued)*

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(o) Foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at exchange rates ruling at that date. Exchange differences arising are dealt with in the profit and loss account.

(p) Related parties

Related parties are individuals and companies, including subsidiary and associated companies, where the individual, company or group has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

3 TURNOVER

	2002 HK\$	2001 HK\$
Rental	4,256,544	4,150,665
Management fee	5,498,677	4,639,241
Interest	2,463,002	6,215,558
Construction supervision fee	1,450,554	1,970,740
	<u>13,668,777</u>	<u>16,976,204</u>

NOTES TO THE ACCOUNTS *(Continued)*

4 OTHER REVENUES

	2002 HK\$	2001 HK\$
Profit on sales of short-term investments	—	1,990,993
Dividend income		
Listed investments	628,995	—
Unlisted investments	405,000	—
Sundries	81,497	131,866
	<u>1,115,492</u>	<u>2,122,859</u>

5 OPERATING PROFIT

	2002 HK\$	2001 HK\$
Operating profit is stated after crediting:		
Gross rental income		
Investment properties	1,277,426	1,233,343
Other properties	2,979,118	2,917,322
Less related outgoings	(289,811)	(402,361)
Net unrealised gain on short-term investments	2,251,585	—
and after charging:		
Staff costs (including directors' remuneration)	3,746,110	4,191,610
Retirement benefits	216,070	245,998
Auditors' remuneration	345,000	302,000
Operating lease rental for land and buildings	73,125	175,500
Loss on sales of short-term investments	11,166,367	—
Net unrealised loss on short-term investments	—	7,220,263

6 SHARE OF PROFITS/(LOSSES) OF ASSOCIATED COMPANIES

The Group's share of results of associated companies include deficits on revaluation of properties held by associated companies amounting to HK\$4,212,532 (2001: HK\$19,766,242).

NOTES TO THE ACCOUNTS *(Continued)*

7 REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

	2002	2001
	HK\$	HK\$
Fees	<u>155,000</u>	<u>150,000</u>

Directors' fees paid to Independent Non-executive Directors amount to HK\$75,000 (2001: HK\$50,000) and no other emoluments were paid. None of the Directors has waived the right to receive their emoluments.

Details of the emoluments paid to the five individuals, who are not Directors, whose emoluments were the highest in the Group are:

	2002	2001
	HK\$	HK\$
Salaries and other emoluments	1,719,628	1,752,875
Contributions to retirement benefits scheme	<u>121,427</u>	<u>120,720</u>
	<u>1,841,055</u>	<u>1,873,595</u>

The emoluments of each of the five individuals are below HK\$1,000,000.

8 RETIREMENT BENEFITS SCHEME

The Group participates in a defined contribution scheme which covers all the employees of the Group and certain related companies. The assets of the scheme are held in a trust fund separated from the Group and the related companies. Contributions to the scheme are based on a percentage of employee salary depending upon the length of service of the employee and charged to the profit and loss account in the year to which they relate. The charge for the scheme for the year was HK\$216,070 (2001: HK\$245,998).

NOTES TO THE ACCOUNTS *(Continued)*

9 TAXATION

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

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

10 DIVIDENDS

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

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

At a meeting held on 12th July 2002, the Board of Directors declared a final dividend of 2.0 cents per share. This proposed dividend will be accounted for as an appropriation of retained profit for the year ending 31st March 2003.

NOTES TO THE ACCOUNTS *(Continued)*

11 EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$8,744,220 (2001: HK\$354,796) and on 120,960,000 shares in issue during the year.

12 INVESTMENT PROPERTIES

	Group and Company HK\$
Valuation	
At 31st March 2001	20,800,000
Deficit on revaluation (<i>note 22</i>)	<u>(1,650,000)</u>
At 31st March 2002	<u>19,150,000</u>

The properties are held under long-term leases in Hong Kong and are stated at professional valuation made on 31st March 2002 by Chung Sen Surveyors Limited on an open market value basis.

NOTES TO THE ACCOUNTS *(Continued)*

13 SUBSIDIARY COMPANIES

	Company	
	2002 HK\$	2001 HK\$
Unlisted shares, at cost	110,246	110,246
Amounts receivable	34,500	143,530
Amounts payable	<u>(9,930,425)</u>	<u>(8,565,864)</u>
	<u><u>(9,785,679)</u></u>	<u><u>(8,312,088)</u></u>

The amounts receivable and payable are unsecured, interest free and have no specific repayment terms.

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

Name	Place of incorporation and operation	Principal activities	Nominal value of issued share capital HK\$
Festigood Company Limited	Hong Kong	Property development	2
Galy Property Management Limited	Hong Kong	Property management	2
Khanman Construction Company Limited	Hong Kong	Dormant	200
Tai Kong Shan Realty Limited	Hong Kong	Property investment	100,000
Tinpoly Realty Limited	Hong Kong	Property investment	40
Wah Ha Construction Company Limited	Hong Kong	Building contractor	2
Wah Ha Real Estate Agency Limited	Hong Kong	Property agency	10,000

NOTES TO THE ACCOUNTS *(Continued)*

14 ASSOCIATED COMPANIES

	Group		Company	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
Unlisted shares, at cost or directors' valuation in 1990	26,240,627	26,240,627	26,240,627	26,240,627
Share of retained post-acquisition reserves	68,282,500	76,691,145	—	—
Share of net assets	94,523,127	102,931,772	26,240,627	26,240,627
Amounts receivable	252,266,312	258,045,674	252,266,312	258,045,674
Amounts payable	(2,149,964)	(2,032,640)	(2,149,964)	(2,032,640)
	250,116,348	256,013,034	250,116,348	256,013,034
	344,639,475	358,944,806	276,356,975	282,253,661

During the year, the Company received dividends of HK\$6,500,000 (2001: HK\$58,577,554) from associated companies.

Particulars of the associated companies and amounts receivable/(payable) are as follows:

Name	Principal activities	Amounts receivable/(payable) by Group		Effective percentage of equity held by Group
		2002	2001	
		HK\$	HK\$	
Cantake Land Investment Company Limited	Property development	106,252,760	105,712,760	25
Chase Good Development Limited	Property development	16,865,803	17,629,303	25
Daily Eagle Development Limited	Property development	1,772,661	6,322,661	25

NOTES TO THE ACCOUNTS *(Continued)*

14 ASSOCIATED COMPANIES *(Continued)*

Name	Principal activities	Amounts		Effective percentage of equity held by Group
		receivable/(payable) by Group		
		2002 HK\$	2001 HK\$	
Eastern Tailor Enterprises Limited	Property investment	21,364,919	22,190,919	25
Fu Kung San Realty Limited	Investment holding	(997,110)	(1,289,610)	50
Fullion Realty Limited	Property investment	12,284	(1,716)	50
Fupoly Properties Limited ⁽³⁾	Property investment	(16,540)	(155,000)	25
Hinquand Enterprise Limited	Property investment	17,106,760	17,156,760	50
Kam Lee Wah Realty Limited	Property investment	176,525	163,170	50
Keneva Company Limited	Property development	39,057,400	36,566,901	25
Keneva Construction Company Limited	Building contractor	—	—	25
Kin Yuen Hing Investment Company Limited	Property development	16,059,056	17,184,056	50
Mass Collection Company Limited	Property development	(1,136,314)	(586,314)	50
Remadour Estate Limited	Property investment	10,606,495	11,043,495	25
Sing Mei Properties Limited ⁽³⁾	Property investment	—	—	25

NOTES TO THE ACCOUNTS *(Continued)*

14 ASSOCIATED COMPANIES *(Continued)*

Name	Principal activities	Amounts receivable/(payable) by Group		Effective percentage of equity held by Group
		2002	2001	
		HK\$	HK\$	
Sun Prince Godown Limited ⁽³⁾	Property investment	3,414,575	3,331,575	50
Sun Tai Tsuen Godown Company Limited ⁽³⁾	Property investment	3,435,469	3,352,469	50
Wah Ha Property Development Limited	Property investment	16,141,605	17,391,605	50
		<u>250,116,348</u>	<u>256,013,034</u>	

- (1) The amounts receivable and payable are unsecured, interest free and have no specific repayment terms. 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.
- (2) All associated companies are incorporated in Hong Kong and are held directly by the Company except Sing Mei Properties Limited which is 50% owned by Fu Kung San Realty Limited.
- (3) The accounts of these associated companies have not been audited by PricewaterhouseCoopers.

15 OTHER INVESTMENTS

	Group and Company	
	2002	2001
	HK\$	HK\$
Unlisted shares, at cost	<u>250,448</u>	<u>250,448</u>

NOTES TO THE ACCOUNTS *(Continued)*

16 LOANS RECEIVABLE

	Group	
	2002	2001
	HK\$	HK\$
Mortgage loans	206,710	323,627
Current portion included in current assets	(143,082)	(125,796)
	<u>63,628</u>	<u>197,831</u>

Mortgage loans are provided to purchasers of the Group's properties.

17 DEBTORS AND PREPAYMENTS

	Group	
	2002	2001
	HK\$	HK\$
Trade debtors		
Below 60 days	162,219	331,358
Other debtors	2,632,143	2,804,013
Prepayments and other receivables	436,926	190,745
	<u>3,231,288</u>	<u>3,326,116</u>

Trade debtors represent rental receivable which is normally due for payment upon presentation of debit note at the beginning of each rental period.

18 BALANCES WITH RELATED COMPANIES

The amounts receivable and payable are unsecured, interest free and have no specific repayment terms.

NOTES TO THE ACCOUNTS *(Continued)*

19 SHORT-TERM INVESTMENTS

	Group and Company	
	2002	2001
	HK\$	HK\$
Unlisted, at cost less provision	—	32,643,040
Listed shares, at market value		
Hong Kong	19,715,576	18,019,402
Overseas	27,275,160	—
	<u>46,990,736</u>	<u>50,662,442</u>

20 CREDITORS AND ACCRUALS

	Group	
	2002	2001
	HK\$	HK\$
Trade creditors		
Below 90 days	228,313	22,822
Over 90 days	10	404,200
	<u>228,323</u>	427,022
Other creditors	270,889	5,113,789
Rental and utility deposits received	751,775	883,384
Accrued expenses	438,285	375,000
	<u>1,689,272</u>	<u>6,799,195</u>

21 SHARE CAPITAL

	Company	
	2002	2001
	HK\$	HK\$
<i>Authorised:</i>		
150,000,000 shares of HK\$0.65 each	<u>97,500,000</u>	<u>97,500,000</u>
<i>Issued and fully paid:</i>		
120,960,000 shares of HK\$0.65 each	<u>78,624,000</u>	<u>78,624,000</u>

NOTES TO THE ACCOUNTS *(Continued)*

22 RESERVES

	Asset revaluation reserve HK\$	Investment properties revaluation reserve HK\$	Retained profit HK\$	Total HK\$
Group				
At 31st March 2000				
As previously reported	24,461,230	49,731,451	341,861,580	416,054,261
Prior year adjustment (Note 10)	—	—	4,717,440	4,717,440
	<u>24,461,230</u>	<u>49,731,451</u>	<u>346,579,020</u>	<u>420,771,701</u>
As restated	24,461,230	49,731,451	346,579,020	420,771,701
Deficit on revaluation				
Company and subsidiary companies	—	(2,500,000)	—	(2,500,000)
Associated companies	—	(2,533,758)	—	(2,533,758)
Profit for the year	—	—	354,796	354,796
Dividends	—	—	(6,048,000)	(6,048,000)
	<u>—</u>	<u>—</u>	<u>(6,048,000)</u>	<u>(6,048,000)</u>
At 31st March 2001				
As previously reported	24,461,230	44,697,693	337,498,936	406,657,859
Prior year adjustment (Note 10)	—	—	3,386,880	3,386,880
	<u>24,461,230</u>	<u>44,697,693</u>	<u>340,885,816</u>	<u>410,044,739</u>
As restated	24,461,230	44,697,693	340,885,816	410,044,739
Deficit on revaluation				
Company and subsidiary companies	—	(1,650,000)	—	(1,650,000)
Associated companies	—	(10,500,000)	—	(10,500,000)
Profit for the year	—	—	8,744,220	8,744,220
Dividends	—	—	(3,386,880)	(3,386,880)
	<u>—</u>	<u>—</u>	<u>(3,386,880)</u>	<u>(3,386,880)</u>
At 31st March 2002	<u>24,461,230</u>	<u>32,547,693</u>	<u>346,243,156</u>	<u>403,252,079</u>

NOTES TO THE ACCOUNTS *(Continued)*

22 RESERVES *(Continued)*

	Asset revaluation reserve HK\$	Investment properties revaluation reserve HK\$	Retained profit HK\$	Total HK\$
Company				
At 31st March 2000				
As previously reported	23,600,000	18,002,285	209,787,265	251,389,550
Prior year adjustment (Note 10)	—	—	4,717,440	4,717,440
As restated	23,600,000	18,002,285	214,504,705	256,106,990
Deficit on revaluation	—	(2,500,000)	—	(2,500,000)
Profit for the year	—	—	65,729,624	65,729,624
Dividends	—	—	(6,048,000)	(6,048,000)
At 31st March 2001				
As previously reported	23,600,000	15,502,285	270,799,449	309,901,734
Prior year adjustment (Note 10)	—	—	3,386,880	3,386,880
As restated	23,600,000	15,502,285	274,186,329	313,288,614
Deficit on revaluation	—	(1,650,000)	—	(1,650,000)
Profit for the year	—	—	5,212,624	5,212,624
Dividends	—	—	(3,386,880)	(3,386,880)
At 31st March 2002	23,600,000	13,852,285	276,012,073	313,464,358

- (1) Asset revaluation reserve, investment properties revaluation reserve and retained profit of the Group attributable to associated companies amounted to HK\$24,461,230 (2001: HK\$24,461,230), HK\$18,695,408 (2001: HK\$29,195,408), HK\$48,725,862 (2001: HK\$46,634,507) respectively.
- (2) Distributable reserves of the Company, calculated under Section 79B of the Hong Kong Companies Ordinance, amounted to HK\$276,012,073 (2001: HK\$274,186,329).

NOTES TO THE ACCOUNTS *(Continued)*

23 DEFERRED TAXATION

	Group	
	2002	2001
	HK\$	HK\$
Balances brought forward	18,341	28,500
Reclassified to current taxation	<u>(8,034)</u>	<u>(10,159)</u>
Balances carried forward	<u>10,307</u>	<u>18,341</u>

Provision is made in respect of timing differences on computing profit on sales of properties for taxation purposes. The surplus arising from the revaluation of investment properties does not constitute a timing difference and accordingly no provision for deferred taxation is required. There are no material timing differences not provided for in the accounts.

24 NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of operating profit to net cash inflow from operating activities

	2002	2001
	HK\$	HK\$
Operating profit	412,614	5,450,508
Interest income	(2,463,002)	(6,215,558)
Dividend income	(1,033,995)	—
Loss/(profit) on sales of short-term investments	11,166,367	(1,990,993)
Net unrealised (gain)/loss on short-term investments	(2,251,585)	7,220,263
Decrease/(increase) in debtors and prepayments	94,828	(98,299)
Increase in balances with related companies	123,681	81,304
(Decrease)/increase in creditors and accruals	<u>(5,109,923)</u>	<u>4,885,806</u>
Net cash inflow from operating activities	<u>938,985</u>	<u>9,333,031</u>

NOTES TO THE ACCOUNTS *(Continued)*

25 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	
	2002 HK\$	2001 HK\$
First year	2,742,666	2,022,989
Second to fifth years inclusive	999,570	140,786
	<u>3,742,236</u>	<u>2,163,775</u>

26 SIGNIFICANT RELATED PARTY TRANSACTIONS

The following is a summary of the related party transactions, which also constitute connected transactions, carried out in the normal course of the Group's business activities:

	Note	2002 HK\$	2001 HK\$
Associated companies			
Management fee income	1	<u>3,592,500</u>	<u>2,757,500</u>
Related companies			
Management fee income	1	324,000	324,000
Construction fee income	2	1,450,554	1,970,740
Estate agency fee income	3	200,000	200,000
Rental expense	4	<u>73,125</u>	<u>175,500</u>

Notes:

- (1) The Group provides management services to associated companies and a related company. Fees are charged based on a percentage of annual rental income received by associated companies and related companies.
- (2) The Group provides supervisory services for building construction work to related parties. Service fees are calculated based on the number of employees on the job.
- (3) The Group provides estate agency services to a related company at a fixed annual fee of HK\$200,000.
- (4) The rental was paid to a related company at a monthly fixed rate.

NOTES TO THE ACCOUNTS *(Continued)*

27 SEGMENT INFORMATION

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

Primary reporting segment – business segment

	Property investment, development and management and building contractor <i>HK\$</i>	Investments and corporate services <i>HK\$</i>	Total <i>HK\$</i>
Year ended 31st March 2002			
Turnover	7,089,275	6,579,502	13,668,777
Segment results	4,492,550	(4,079,936)	412,614
Share of profits/(losses) of associated companies	10,863,576	—	10,863,576
Profit before taxation			11,276,190
Taxation			(2,531,970)
Profit attributable to shareholders			8,744,220
Segment assets	374,984,163	47,487,528	422,471,691
Common assets			62,234,395
Total assets			484,706,086
Segment liabilities	1,100,482	1,659,954	2,760,436
Common liabilities			69,571
Total liabilities			2,830,007

NOTES TO THE ACCOUNTS *(Continued)*

27 SEGMENT INFORMATION *(Continued)*

	Property investment, development and management and building contractor <i>HK\$</i>	Investments and corporate services <i>HK\$</i>	Total <i>HK\$</i>
Year ended 31st March 2001			
Turnover	<u>7,479,146</u>	<u>9,497,058</u>	<u>16,976,204</u>
Segment results	<u>4,153,662</u>	<u>1,296,846</u>	5,450,508
Share of profits/(losses) of associated companies	(2,194,598)	—	<u>(2,194,598)</u>
Profit before taxation			3,255,910
Taxation			<u>(2,901,114)</u>
Profit attributable to shareholders			<u>354,796</u>
Segment assets	390,839,641	51,303,989	442,143,630
Common assets			<u>54,578,219</u>
Total assets			<u>496,721,849</u>
Segment liabilities	1,348,088	6,231,747	7,579,835
Common liabilities			<u>473,275</u>
Total liabilities			<u>8,053,110</u>

28 APPROVAL OF ACCOUNTS

The accounts on pages 21 to 45 were approved by the board of directors on 12th July 2002.

FIVE YEAR FINANCIAL SUMMARY

	2002 HK\$'000	2001 HK\$'000	2000 HK\$'000	1999 HK\$'000	1998 HK\$'000
Results					
Year ended 31st March					
Turnover	13,669	16,976	16,672	17,932	16,869
Profit before taxation	11,276	3,256	27,182	34,881	54,024
Profit attributable to shareholders	8,744	355	23,311	31,839	45,317
Dividends	2,419	4,717	6,048	6,048	9,677
Assets and liabilities					
As at 31st March					
Investment properties	19,150	20,800	23,300	23,600	24,100
Associated companies	344,639	358,945	378,356	389,505	398,947
Other investments	250	250	250	250	250
Loans receivable	64	198	366	443	520
Current assets	120,603	116,529	99,970	77,811	67,275
Total assets	484,706	496,722	502,242	491,609	491,092
Current liabilities	2,820	8,035	2,819	3,035	6,390
Employment of funds	481,886	488,687	499,423	488,574	484,702
Share capital	78,624	78,624	78,624	78,624	78,624
Reserves	403,252	410,045	420,771	409,913	406,036
Shareholders' funds	481,876	488,669	499,395	488,537	484,660
Deferred taxation	10	18	28	37	42
Funds employed	481,886	488,687	499,423	488,574	484,702

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 assets of the Group. To provide shareholders 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 2002:

	2002 HK\$	2001 HK\$
Results		
Turnover	<u>89,318,641</u>	<u>103,614,949</u>
Operating profit	56,981,855	72,918,021
Deficit on revaluation of properties	<u>(13,925,906)</u>	<u>(73,032,484)</u>
Profit/(loss) before taxation	43,055,949	(114,463)
Taxation	<u>(8,059,301)</u>	<u>(9,485,168)</u>
Profit/(loss) after taxation	<u>34,996,648</u>	<u>(9,599,631)</u>
Group's share of profits/(losses) before taxation	<u>10,863,576</u>	<u>(2,194,598)</u>
Net assets		
Investment properties	853,059,558	907,375,573
Loans receivable	2,278,624	5,433,965
Current assets		
Properties held for sale	345,220,007	333,837,010
Debtors and other receivables	24,989,880	22,632,892
Current portion of loans receivable	—	673,959
Tax recoverable	510,575	159,656
Cash and bank balances	11,049,297	6,507,065
Current liabilities		
Creditors and other payables	(50,705,718)	(36,845,018)
Taxation	(1,990,556)	(2,140,184)
Net amounts due to shareholders	(898,245,972)	(913,149,218)
Deferred taxation	<u>(1,559,841)</u>	<u>(1,189,113)</u>
Net assets	<u>284,605,854</u>	<u>323,296,587</u>
Group's share of net assets	<u>94,523,127</u>	<u>102,931,772</u>

PRINCIPAL PROPERTIES

(a) For investment

Description	Lot No.
Hong Kong	
Flat B & C on 2/F, Hin Wah Building at Nos. 446-450 Hennessy Road, Causeway Bay	The Remaining Portion ("RP") of Sub-Section ("Subsec.") I 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
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
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
Flat 11 on G/F of Montane Mansion at King's Road, Quarry Bay	Sec. C of Inland Lot No. 8104
Unit B3, Block B including main roof & 2 carparks, Grosse Pointe Villa at No. 4 Stanley Village Road, Stanley	RP of Rural Building Lot No. 392
G/F & 2/F, Midland Centre (82 shops) at No. 328 Queen's Road Central	Inland Lot No. 8426
Suite C on 5/F & 6/F & 2 carparks on 1/F at No. 1 Robinson Road, Central	RP of Subsec. 2 of Sec. A of Inland Lot No. 2850; and RP of Inland Lot No. 1213
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
Flat A on 6/F & 1 carpark, Mountain Lodge at No. 44 Mount Kellet Road	Rural Building Lot No. 199

As at 31st March 2002

Type	Approximate Gross Floor Area (sq. ft.)	Lease Term	Registered Owner	Group's Interest (%)
Commercial	960	Long Lease	Wah Ha Realty Company Limited	100
Industrial	4,200	Long Lease	Wah Ha Realty Company Limited	100
Residential	3,100	Long Lease	Wah Ha Realty Company Limited	100
Commercial	(net) 430	Long Lease	Wah Ha Property Development Limited	50
Residential	3,400	Long Lease	Wah Ha Property Development Limited	50
Commercial	22,666	Long Lease	Hinquand Enterprise Limited	50
Residential	3,400	Long Lease	Wah Ha Property Development Limited	50
Residential	3,090	Medium Lease	Wah Ha Property Development Limited	50
Residential	2,600	Long Lease	Wah Ha Property Development Limited	50

PRINCIPAL PROPERTIES *(Continued)*

(a) For investment *(Continued)*

Description	Lot No.
Belvedere (5 townhouses & 12 carparks) at No. 41 Chung Hom Kok Road, Chung Hom Kok	Rural Building Lot No. 968
Vista Stanley (8 duplex units, 4 flats and 23 carparks) at No. 20 Stanley Village Road, Stanley	RP of Rural Building Lot No. 239
Horizon Plaza at No. 2 Lee Wing Street, Ap Lei Chau West, Aberdeen	Ap Lei Chau Inland Lot No. 122
 New Territories	
Agricultural Land at Yuen Long	Lots Nos. 124, 126, 156 & 158 in D.D. No. 109, Yuen Long
Central Trading Centre at No. 9 Lok Yip Road, On Lok Tsuen, Fanling	Fanling Sheung Shui Town Lot No. 23
Belair Villa (20 townhouses, 50 duplex units and 107 carparks) at No. 9 Yu Tai Road, Kai Leng, Fanling	Fanling Sheung Shui Town Lot No. 116

As at 31st March 2002

Type	Approximate Gross Floor Area (sq. ft.)	Lease Term	Registered Owner	Group's Interest (%)
Residential	16,894	Long Lease	Remadour Estate Limited	25
Residential	24,260	Long Lease	Eastern Tailor Enterprises Limited	25
Industrial/Godown	496,834	Medium Lease	Daily Eagle Development Limited and Double Joy Investment Company Limited	12.5
Agricultural	13,068	Medium Lease	Wah Ha Property Development Limited	50
Industrial/Godown	100,050	Medium Lease	Chase Good Development Limited	25
Residential	123,577	Medium Lease	Cantake Land Investment Company Limited	25

PRINCIPAL PROPERTIES *(Continued)*

(b) For sale

Description	Lot No.
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
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
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
Flat B on 1/F & 2 carparks, Yip Win Factory Building at No. 10 Tsun Yip Lane, Kwun Tong	Kun Tong Inland Lot No. 71
New Territories	
Festigood Centre (4 units & 3 carparks) at No. 8 Lok Yip Road, On Lok Tsuen, Fanling	Fanling Sheung Shui Town Lot No. 98
Delya Industrial Centre (33 units & 18 carparks) at Shek Pai Tau Road, Tuen Mun	Tuen Mun Town Lot No. 164

As at 31st March 2002

Type	Approximate Gross Floor Area (sq. ft.)	Registered Owner	Group's Interest (%)
Commercial	773	Kam Lee Wah Realty Limited and Kamlloyds Company Limited	25
Office/Industrial Commercial (G/F & I/F)	238,590 36,853	Keneva Company Limited	25
Commercial	2,860	Wah Ha Realty Company Limited	100
Industrial	5,253	Wah Ha Realty Company Limited and Aik San Realty Limited	50
Industrial/Godown	6,784	Festigood Company Limited	100
Industrial/Godown	31,925	Tinpoly Realty Limited and Delya Realty Limited	50

PRINCIPAL PROPERTIES *(Continued)*

(b) For sale *(Continued)*

Description	Lot No.
Texaco Road Industrial Centre (27 units & 7 carparks) at Nos. 256-264 Texaco Road, Tsuen Wan	Tsuen Wan Town Lots Nos. 242 and 243
Wing Kin Industrial Building (workshop on G/F & 6 carparks) at Nos. 4-6 Wing Kin Road, Kwai Chung	Kwai Chung Town Lot No. 273
Good Harvest Centre (14 units) at No. 33 On Chuen Street, On Lok Tsuen, Fanling	Fanling Sheung Shui Town Lot No. 100
Tsing Yi Industrial Centre at Tsing Yi (Phase I: 11 units & 8 carparks) (Phase II: 6 units & 14 carparks)	Tsing Yi Town Lot No. 65
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

As at 31st March 2002

Type	Approximate Gross Floor Area (sq. ft.)	Registered Owner	Group's Interest (%)
Industrial/Godown	74,794	Sun Prince Godown Limited and Sun Tai Tsuen Godown Company Limited	50
Industrial	13,456	Tai Kong Shan Realty Limited and Good Fully Realty Limited	50
Industrial/Godown	20,780	Mass Collection Company Limited	50
Industrial/Godown	103,100 (Phase I: 91,644) (Phase II: 11,456)	Sing Mei Properties Limited	25
Industrial/Godown	168,556	Kin Yuen Hing Investment Limited and Kin Ngai Enterprises Limited	25

WAH HA REALTY COMPANY LIMITED

Proxy Form

I/We⁽¹⁾ _____
of _____
being the registered shareholder(s) of _____ shares⁽²⁾ of HK\$0.65 each in the share capital of the Company, HEREBY APPOINT the Chairman of the meeting⁽⁷⁾ or⁽³⁾ _____
of _____
or failing him _____
of _____
to act as my/our proxy at the Annual General Meeting of the Company to be held at Room 2500, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong on Friday, 23 August 2002 at 12:00 noon and at any adjournment thereof and to vote on my/our behalf as directed below:

Please indicate with a "√" in the spaces provided how you wish your vote(s) to be cast. Should this form be returned duly signed, but without a specific direction, the proxy will vote or abstain at his discretion.

RESOLUTIONS

ORDINARY BUSINESS

	For	Against	Abstain
1. To adopt the Accounts and Reports of the Directors and Auditors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To declare a final dividend.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. (A) To re-elect Mr. Cheung Kee Wee as Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(B) To re-elect Mr. John Ho as Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) To re-elect Mr. Ng Kwok Tung as Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) To fix the Directors' fees.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint PricewaterhouseCoopers as Auditors of the Company and authorise the Board to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SPECIAL BUSINESS

5. (A) To grant a general mandate to the Directors to repurchase shares of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(B) To grant a general mandate to the Directors to issue shares not exceeding 20% of the existing share capital.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) To add repurchased shares to the general mandate to issue shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. To amend the Company's Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date: _____ Shareholder's Signature: _____

NOTES:

- (1) Full name(s) and address(es) to be inserted in BLOCK CAPITALS.
- (2) Please insert the number of shares registered in your name(s), if no number is inserted, this proxy form will be deemed to relate to all the shares in the Company, registered in your name(s).
- (3) Please insert the name and address of the proxy desired in the space provided. Any alteration made to this proxy form must be initialled by the member.
- (4) To be valid, this proxy form, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the Company's registered office at Room 2500, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or any adjourned meeting.
- (5) In the case of joint holders any one of such holders may vote either in person or by proxy, but if more than one of such holders are present at the meeting in person or by proxy only the person whose name stands first in the Register of Members is entitled to vote.
- (6) This proxy form must be signed by you or your attorney duly authorised in writing, or in the case of a corporation, must either be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
- (7) A member may appoint a proxy of his own choice. If such an appointment is made, delete the words "Chairman of the meeting", and insert the name(s) of the person(s) appointed proxy in the space provided.
- (8) The proxy need not be a member of the Company but must attend the meeting in person to represent you.