



華 廈 置 業 有 限 公 司

WAH HA REALTY COMPANY LIMITED

**BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT****Executive Directors****Mr. Cheung Kee Wee, BBA, Chairman**

Aged 52. 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 in Hong Kong. Brother of Messrs. Cheung Lin Wee and Cheung Ying Wai, Eric.

**Mr. Cheung Lin Wee, BFin**

Aged 46. 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. Brother of Messrs. Cheung Kee Wee and Cheung Ying Wai, Eric.

**Mr. Cheung Ying Wai, Eric, BSc**

Aged 42. Joined the Group and appointed a director in 1999. Mainly responsible for the general management of the Group. 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 64. Appointed a director in 1993. A Committee Member of Far East Exchange Limited (1975-86) and The Stock Exchange of Hong Kong Limited (1987-94). 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 of the Hong Kong Buddhist Association, a member of the Social Welfare Advisory Committee, the Estate Agents Authority, etc. and being a director of various companies. A Fellow of the Institute of Directors and a member of the British Institute of Management.

**Mr. John Ho, LLB**

Aged 58. 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.

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

Aged 53. Appointed a director in 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, Universe International Holdings Limited and Timeless Software Limited.

### BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT *(continued)*

#### **Mr. Chan Woon Kong**

Aged 70. Appointed a director on 9th July 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 Bank of East Asia, Limited. Currently is the Senior Vice President of United Commercial Bank in Hong Kong.

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

Aged 59. Appointed a director on 9th July 2004. A stock broker and the sole proprietor of Soo Pei Shao & Co., an independent non-executive director of Wing Lung Bank Limited and a non-executive director of Applied International Holdings Limited. A member of the HKSAR Broadcasting Authority, the Solicitors Disciplinary Tribunal, the Insider Trading Tribunal, the Committee of the Spastics Association, and Chairman of the Board of Review (Film Censorship).

#### **Senior Management**

#### **Mr. Chu Wing Man, Raymond, MFin, BBA, LLB, FHKSA, FCCA, ACIS, Chief Accountant and Company Secretary**

Aged 42. 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.

### AUDIT COMMITTEE

Mr. Lam Hon Keung, Keith (*Chairman*)

Mr. John Ho

Mr. Ng Kwok Tung

Mr. Chan Woon Kong (appointed on 9th July 2004)

Mr. Soo Hung Leung, Lincoln (appointed on 9th July 2004)

### 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 2004

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	Effective percentage of equity held by the Group	Principal activities
<b>Holding Company</b>		
Wah Ha Realty Company Limited	—	Investment holding
<b>Subsidiary Companies</b>		
Festigood Company Limited	100	Property development
Galy Property Management Limited	100	Property management
Khanman Property Limited <i>(formerly known as Khanman Construction Company Limited)</i>	100	Dormant
Tai Kong Shan Realty Limited	100	Property investment
Tinpoly Realty Limited	100	Property investment
Wah Ha Construction Company Limited	100	Building contractor
WH Properties Limited	100	Dormant
Wah Ha Real Estate Agency Limited	100	Property agency
<b>Associated Companies</b>		
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
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.

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting of the Members of the Company will be held at Room 2500, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong on Monday, 23rd August 2004 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 2004.
2. To declare a final dividend and a special dividend for the year ended 31st March 2004.
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 with or without modifications, 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 ("the Stock Exchange") ("the Listing Rules"), 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."

- (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 with or without modifications 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) Article 2
- (a) By deleting the definition of “associate” in its entirety and the marginal note thereof and substituting therefor the following definition and marginal note in Article 2:  

associate.	“associate” in relation to any Director shall have the same meaning as ascribed to it under Rule 1.01 of the Listing Rules;
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  - (b) By adding the following new definition and marginal note immediately after the definition of “the Chairman” and the marginal note thereof in Article 2:  

clearing house.	“clearing house” shall mean a “recognised clearing house” within the meaning of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) and any amendments thereto or re-enactments thereof for the time being in force;
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- (c) By adding the following new definition and marginal note immediately after the definition of "shareholders" or "members" and the marginal note thereof in Article 2:

special notice. "special notice" in relation to a resolution shall have the same meaning as ascribed to it under Section 116C of the Companies Ordinance;

- (d) By adding the following new definition and marginal note immediately before the definition of "summary financial report" and the marginal note thereof in Article 2:

subsidiary. "subsidiary" shall have the same meaning as ascribed to it under Rule 1.01 of the Listing Rules;

- (B) New paragraph (A) of Article 3

By re-lettering Article 3 as paragraph (B) of Article 3 and adding the following new paragraph (A) and marginal note immediately before paragraph (B) and the marginal note thereof of Article 3:

Capital structure. 3. (A) The authorised share capital of the Company is HK\$97,500,000.00 divided into 150,000,000 ordinary shares of HK\$0.65 each respectively having attached thereto the rights and subject to the restrictions hereinafter set out.

- (C) Article 6

By deleting in the 14th line of Article 6 the word "or" immediately after the words "Hong Kong Limited" and substituting therefor a comma ",", and deleting in the 15th line the words "from time to time" immediately before the final full stop and substituting therefor the words "and any other relevant regulatory authorities from time to time (in particular, where the purchase is for redemption of a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price; and if purchases are by tender, tenders shall be available to all members alike)", and deleting the final quotation mark in the 15th line.

- (D) Article 8

By adding at the end of Article 8 the words "provided that where the Company issues shares which do not carry voting rights, the words 'non-voting' shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, shall include the words 'restricted voting' or 'limited voting'" immediately after the word "voting".



(E) Article 16

By deleting in the 2nd and 3rd lines of Article 16 the words "without payment to receive within ten business days or such other period as specified by The Stock Exchange of Hong Kong Limited" and substituting therefor the words "to receive within such period of time as may be prescribed by the Companies Ordinance or the Listing Rules"; and deleting in the 10th line the words "after the first" immediately after the words "every certificate".

(F) Article 37

By deleting in the 2nd and 3rd lines of Article 37 the words "and may be under hand only" immediately after the word "accept".

(G) Article 38

By deleting Article 38 in its entirety and the marginal note thereof and substituting therefor the following Article and marginal note:

Execution of transfer. 38. The instrument of transfer of any share shall be executed by or on behalf of the transferor and by or on behalf of the transferee, and shall be executed with a manual signature or machine imprinted signature by or on behalf of the transferor or transferee provided that in the case of execution by machine imprinted signature by or on behalf of the transferor or transferee, the Company shall have previously been provided with a list of specimen signatures of the authorised signatories of such transferor or transferee and the Board shall be reasonably satisfied that such machine imprinted signature corresponds to one of those specimen signatures. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register in respect thereof. Nothing in these Articles shall preclude the Board from recognising a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person.

(H) Article 74

(a) By adding the words "unless a poll is taken as may from time to time be required under the Listing Rules or any other applicable laws, rules or regulations or" immediately before the word "unless" in the second line of the first paragraph of Article 74.

(b) By adding the words “a poll be so required or” immediately after the word “Unless” in the first line of the second paragraph of Article 74.

(c) By adding the words “required or” immediately before the word “demanded” at the end of the marginal note of Article 74.

(I) Article 75

By adding the words “required or” immediately before the word “demanded” in the first line, the 4th line and the 7th line of Article 75.

(J) Article 77

By adding the words “required or” immediately before the word “demanded” in the third line of Article 77.

(K) Article 80

By inserting in the 4th line of Article 80 the words “or representatives (as the case may be)” immediately after the word “representative”.

(L) New paragraph (C) of Article 84

By adding the following new paragraph (C) and marginal note immediately after paragraph (B) and the marginal note thereof of Article 84:

Voting in contravention (C) of the Listing Rules.	Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.
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(M) Article 88

By adding at the end of Article 88 the words “provided that, in any event, such form shall include a provision whereby the member may, if he so elects, indicate whether his proxy is directed to vote for or against the resolution in question” immediately after the word “approve”.

(N) Paragraph (B) of Article 91

By deleting paragraph (B) of Article 91 in its entirety and substituting therefor the following paragraph:

- (B) Where a clearing house or its nominee(s) is a member of the Company, it or its nominee(s) may authorise or appoint such person(s) as it thinks fit to act as its representative(s) or proxy(ies) (whether or not exceeding two in total) at any members' general meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised or appointed, the authorisation or instrument of proxy must specify the number and class of shares in respect of which each such person is so authorised or appointed. The person so authorised or appointed under the provisions of this Article shall be entitled to exercise the same powers on behalf of the clearing house (or its nominee(s)) which he represents as that clearing house (or its nominee(s)) could exercise as if such person were an individual member of the Company including, where applicable, the right to vote individually on a show of hands notwithstanding any contrary provisions contained in these Articles.

(O) Paragraph (C) of Article 95

By adding to the end of paragraph (C) of Article 95 the words "Section 153B(1) of the Companies Ordinance shall not apply to an alternate Director appointed pursuant to these Articles but the alternate Director shall be liable for his own torts." immediately after the words "these Articles."

(P) Sub-paragraph (vii) of paragraph (A) of Article 101

By deleting in the 1st line of sub-paragraph (vii) of paragraph (A) of Article 101 the words "a special" immediately after the word "by" and substituting therefor the words "an ordinary".

(Q) Paragraph (H) of Article 102

- (a) By deleting in the 2nd and 3rd lines of paragraph (H) of Article 102 the words "in respect of any contract or arrangement in which he is to his knowledge" immediately after the word "Board" and substituting therefor the words "approving any contract or arrangement or any other proposal in which he or any of his associate(s) to his knowledge is/are";
- (b) By deleting sub-paragraph (i) of paragraph (H) of Article 102 in its entirety and substituting therefor the following sub-paragraph:
- (i) any contract or arrangement for the giving by the Company of any security or indemnity to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;

- (c) By deleting sub-paragraph (ii) of paragraph (H) of Article 102 in its entirety and substituting therefor the following sub-paragraph:
  - (ii) any contract or arrangement for the giving by the Company of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (d) By inserting in the 1st and 5th lines of sub-paragraph (iii) of paragraph (H) of Article 102 the words "or his associate(s)" immediately after the word "Director";
- (e) By deleting sub-paragraph (iv) of paragraph (H) of Article 102 in its entirety and substituting therefor the following sub-paragraph:
  - (iv) any contract or arrangement or proposal concerning an offer of the shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as participant(s) in the underwriting or sub-underwriting of the offer;
- (f) By deleting in the 1st line of sub-paragraph (v) of paragraph (H) of Article 102 the words "is interested" immediately after the word "Director" and substituting therefor the words "or his associate(s) is/are interested", and inserting in the 3rd line the words "or any of their" immediately after the word "his";
- (g) By deleting sub-paragraph (vi) of paragraph (H) of Article 102 in its entirety and substituting therefor the following sub-paragraph:
  - (vi) any contract, arrangement or proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the Director and/or his associate(s) is/are beneficially interested in shares of that company, provided that the Director and any of his associates are not in aggregate beneficially interested in 5 per cent. or more of the issued shares or voting rights of any class of shares of such company (or of any third company through which his interest or that of his associates is derived);

- (h) By inserting in the 4th line of sub-paragraph (vii) of paragraph (H) of Article 102 the words "(and/or their associates)" immediately after the word "Directors" and inserting in the 5th line the words "or its associated companies" immediately after the word "subsidiaries", and deleting in the 6th line the word "director " immediately after the word "any" and substituting therefor the words "Director or his associate(s)";
- (i) By inserting in the 1st line of sub-paragraph (viii) of paragraph (H) of Article 102 the words "or arrangement" immediately after the word "proposal" and inserting in the 5th line the words "or his associate(s)" immediately after the word "Director" and deleting the final full stop "." immediately after the word "benefit" in the 5th line and substituting therefor a semicolon ";";
- (j) By inserting the following new sub-paragraph (ix) of paragraph (H) of Article 102:
  - (ix) any contract, arrangement, transaction or proposal concerning the purchase or maintenance of any insurance policy for the benefit of any Director, officer or Auditors of the Company pursuant to these Articles.

(R) Paragraph (I) of Article 102

By deleting paragraph (I) of Article 102 in its entirety and substituting therefor the following paragraph:

- (I) A company shall be deemed to be a company in which a Director and/or his associate(s) in aggregate own(s) 5 per cent. or more if and so long as (but only if and so long as) he and/or his associate(s) in aggregate is/are (either directly or indirectly) the holder(s) of or beneficially interested in 5 per cent. or more of any class of the equity share capital of such company (or of any third company through which his interest or that of any of his associates is derived) or of the voting rights available to members of such company. For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Directors and/or his associate(s) is in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder and any shares which carry no voting right at general meetings and very restrictive dividend and return of capital right.

- (S) Paragraph (J) of Article 102

By deleting paragraph (J) of Article 102 in its entirety and substituting therefor the following paragraph:

- (J) Where a company in which a Director and/or his associate(s) in aggregate own(s) 5 per cent. or more (within the meaning as described in paragraph (I) of Article 102) is materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.

- (T) Paragraph (K) of Article 102

By inserting in the 2nd line of paragraph (K) of Article 102 the words "or his associate(s)" immediately before the word "or", and inserting the words "and/or his associate(s)" immediately after the words "Director concerned" in the 8th line, immediately after the words "Chairman of the meeting" in the 10th line and immediately after the words "interest of such Chairman" in the 14th line;

- (U) Paragraph (A) of Article 103

By inserting in the 3rd line of paragraph (A) of Article 103 the words "or such other manner of rotation as may be required by the Listing Rules or other codes, rules and regulations as may from time to time be prescribed by the applicable regulatory authority" immediately after the words "nearest one-third,".

- (V) Article 106

By inserting at the end of Article 106 the words "Any person so elected and appointed as a Director either to fill the vacancy of a removed Director or as an addition to the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting." immediately after the words "the Board.".

(W) Article 107

By deleting Article 107 in its entirety and the marginal note thereof and substituting therefor the following Article and marginal note:

Notice to be given when person proposed for election. 107. No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed for his willingness to be elected shall have been lodged at the registered office of the Company provided that the minimum length of the period, during which such notice is given, shall be at least seven (7) days and that the period for lodgment of such notice shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and ending no later than seven (7) days prior to the date appointed for such general meeting.

(X) Article 109

By deleting Article 109 in its entirety and the marginal note thereof and substituting therefor the following Article and marginal note:

Power to remove Director by ordinary resolution. 109. The Company may by ordinary resolution remove any Director (including a Managing Director or other Executive Director) before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim which such Director may have for damages for any breach of any contract of service between him and the Company). 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 is removed in accordance with the Ordinance.

(Y) Article 158

By deleting in the second line of Article 158 the word "mad" immediately after the words "or otherwise" and substituting therefor the word "made".

(Z) Paragraph (B) of Article 167

By deleting in the first line of paragraph (B) of Article 167 the words "shall send to" immediately after the words "the Company" and substituting therefor the words "shall deliver or send by post to the registered address of".

(AA) Paragraph (A) of Article 183

By deleting in the 3rd to 4th lines of paragraph (A) of Article 183 the words "paragraph (c) of the proviso to Section 165" immediately after the words "mentioned in" and substituting therefor the words "Section 165(2)".

(BB) Paragraph (B) of Article 183

By deleting in the 1st line of paragraph (B) of Article 183 the words "Section 165 of" immediately after the words "Subject to" and substituting therefor the words "the provisions of and so far as may be permitted by", and deleting in the 6th line the word "form" immediately after the words "as aforesaid" and substituting therefor the word "from".

(CC) New paragraph (C) of Article 183

By adding the following new paragraph (C) and marginal note immediately after paragraph (B) of Article 183:

Liability Insurance. (C) Subject to the provisions of and so far as may be permitted by the Companies Ordinance, the Company may purchase and maintain for any Director, officer or Auditors of the Company:

- (i) insurance against any liability to the Company, a related company or any other party in respect of any negligence, default, breach of duty or breach of trust (save for fraud) of which he may be guilty in relation to the Company or a related company; and
- (ii) insurance against any liability incurred by him in defending any proceedings, whether civil or criminal, taken against him for any negligence, default, breach of duty or breach of trust (including fraud) of which he may be guilty in relation to the Company or a related company.



In this paragraph (C) of Article 183, "related company" in relation to the Company means any company that is the Company's subsidiary or holding company or a subsidiary of the Company's holding company."

By Order of the Board

**Raymond Chu Wing Man**

*Company Secretary*

Hong Kong, 30th July 2004

*Notes:*

- (i) A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.
- (ii) To be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with the Company's registered office, Room 2500, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting thereof.
- (iii) The Register of Members of the Company will be closed from Monday, 16th August 2004 to Monday, 23rd August 2004, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend and special 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 Friday, 13th August 2004.
- (iv) Concerning the above proposed Ordinary Resolution No. 5, approval is being sought from the Shareholders to give general mandate to the Directors to issue and repurchase shares of the Company pursuant to Section 57B of the Companies Ordinance and the Listing Rules. 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 above proposed Special Resolution No. 6 is mainly to facilitate the compliance with the recent changes of the Companies Ordinance and the Listing Rules.
- (vi) The translation into Chinese language of this notice (including the Special Resolution No. 6 which contains the proposed amendments to the Company's Articles of Association) is for reference only. In case of any inconsistency, the English version shall prevail.
- (vii) A circular containing information regarding Resolutions Nos. 5 and 6 will be sent to the Shareholders together with the Company's 2004 Annual Report.

**RESULTS**

The profit attributable to shareholders for the year ended 31st March 2004 amounted to HK\$28,413,828 (2003: HK\$2,005,257). Earnings per share for the year was HK 23.5 cents (2003: HK 1.7 cents).

**DIVIDENDS**

The Board has resolved to recommend a final dividend of HK 3 cents (2003: nil) per share and a 30th Anniversary special dividend of HK 3 cents (2003: nil) per share for the year ended 31st March 2004. No interim dividend had been declared or paid (2003: nil) during the year. Total dividend for the year will amount to HK 6 cents (2003: nil) per share.

**MANAGEMENT DISCUSSION AND ANALYSIS**

This fiscal year of 2003/2004 marked a special year for the Group, the 30th anniversary of the Company being listed in Hong Kong since 1974. A new Company Logo has been designed.

**FINANCIAL RESULTS**

For the year ended 31st March 2004, the Group's turnover declined as performance in the first half of this financial year on the back of SARS and the war in Iraq was disappointing. In spite of the pick up in the market during the third quarter of the fiscal year, overall operation activities of the Group declined from the last year. The Group's turnover recorded a decline of 19.6% to HK\$9,788,505 (2003: HK\$12,179,451).

The Rental and Management Sectors remain the main contributors to the Group's turnover, accounting for nearly 82.4% of the Group's revenue. Revenue generated from Rental and Management Sectors declined by 10.5%. Under the historically low interest rate environment, interest income fell by 47.1% to HK\$685,576. In addition, a decrease in building contracts resulted in a decline of Building Contractor revenue of 65.6%, falling to HK\$513,529. In spite of an improvement in properties sales, the Group's revenue dropped when compared with last year.

Despite the decline in revenue, the Group's profit attributable to shareholders substantially grew by approximately 13.2 times to a profit of HK\$28,413,828 for the year (2003: HK\$2,005,257). Earnings per share rose from HK 1.7 cents to HK 23.5 cents. This significant improvement was mainly attributable to the robust growth in the Group's Investment Business. Realized gains from sales of the Group's short-term investments amounted to HK\$1,006,017 (2003: HK\$405,013). A net unrealized gain of HK\$6,663,635 against a net unrealized loss of short-term investments of HK\$7,221,774 in last year was recorded. Dividend Income from the Group's investment portfolio amounted to HK\$3,462,082 for the year, representing an increase of approximately 72.3% over that of last year. In the context of a recovery in the local economy and an improvement in economic fundamentals, the Group's share of the operating results of associated companies strongly rebounded, marking an impressive growth of 68.1 times. In particular, the consolidated net profit, opposed to recording revaluation deficits from investment properties in previous years, posted a revaluation surplus of HK\$3.7 million this year (2003: deficit of HK\$9.9 million).

### BUSINESS REVIEW

#### Property Investment, Development, Management and Building Contractor

For the year under review, with the gradual recovery of the local economy following the waning of SARS in July 2003, the Group's Sale Business registered a growth of 38.5%, approximately HK\$0.5 million, indicating that the sale activities of the Group had picked up gradually. During the year under review, a car park at Festigood Centre, Fanling and two flats at Delya Industrial Centre, Tuen Mun in which the Group had 50% interest were sold, generating approximately HK\$0.3 million of profits. Furthermore, the Group received about HK\$19.6 million from the sale of units at Belair Villa, Fanling. To date, 85.7% of the units in Belair Villa have been sold.

Subsequent to the year end, Suite C on 5th and 6th Floors together with two car parking spaces on 1/F of No. 1 Robinson Road, Hong Kong in which the Group had 50% interest was sold, contributing approximately HK\$3.3 million to the Group's profit in the forthcoming financial year. Apart from the above, the Group did not acquire or dispose of any property during and subsequent to this financial year end.

Operation of the Group's Property Investment Business remained difficult during the year under review. Keen competition on selling prices and rentals in the local property market during SARS placed pressure on rental value. Nevertheless, with intense marketing efforts and quality rental services, the Group's Rental Business revenue came to approximately HK\$3.9 million, a slight drop of 5.4% from 2003. Profit from this segment recorded HK\$3.5 million, representing a decline of about 5.3%.

Turnover of the Group's Property Management Business recorded a moderate decrease of 7.0% due to a decrease in expenditure levels of serviced parties. The segment recorded a turnover of HK\$1.2 million which led to a decline in profit of about 17.5% to HK\$0.46 million.

During the year under review, the Group's construction activity remained weak on the back of a hard-pressed local construction market. Amidst a decrease in building contracts, revenue from the Group's Building Contractor Business fell to approximately HK\$0.5 million (2003: HK\$1.5 million), a decrease of 65.6% over that of last year. Loss from this segment amounted to about HK\$0.46 million (2003: loss of HK\$0.06 million).

**Investment and Corporate Service**

The Group's Investment Business showed a remarkable turnaround for the year under review. Due to the impressive rally in global equity markets and favourable measures implemented by both the local and Central Governments in the second half of 2003, the Group's Investment Business performed extremely well. The Group witnessed a gain of approximately HK\$11.1 million this year from a loss of about HK\$4.1 million last year and it was the main pillar to the growth of the Group's profitability. Profit on sales of short-term investments for the year under review amounted to approximately HK\$1.0 million (2003: HK\$0.4 million). Equity markets have seen a correction from their first quarter of 2004 peaks on the back of geopolitical concerns and crude oil price and interest rate movements. The Group, nevertheless witnessed a net unrealized gain on short-term investment of approximately HK\$6.7 million opposed to the net unrealized loss of approximately HK\$7.2 million last year.

Revenue from the Group's Corporate Services Business recorded approximately HK\$2.9 million, representing a drop of about 17.8% over that of last year. An operating loss of approximately HK\$0.4 million as against a profit of about HK\$0.7 million for the last financial year had been resulted.

**FORMATION OF A WHOLLY-OWNED SUBSIDIARY**

During the year under review, a wholly-owned subsidiary of the Company, namely WH Properties Limited, was formed. Subsequent to the year end, this company has not carried out any business activities.

**EMPLOYEE INFORMATION**

The Group has less than twenty 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\$80.9 million at 31st March 2004. The Board believes that the Group has sufficient financial resources for its operations. The Group has no exposure to foreign exchange rate fluctuation and material contingent liabilities.

Other than as disclosed above, the Directors are not aware of any other material changes to the information in relation to the Group's performance and the material factors underlying its results and financial position published in the annual report for the year ended 31st March 2003.

### PROSPECTS

Looking ahead, we shall continue to focus on our core property-related business in Hong Kong to secure and maintain stable returns. Therefore, the Group's performance in the coming fiscal years will still be highly correlated to the fluctuations of the local economy.

Abundant supply across all the property sectors is one of the major challenges for the Group. In addition, global and regional markets continue to be volatile on the back of rising interest rate and crude oil prices, geopolitical concerns and selective monetary tightening by the Chinese Government. Nevertheless, underlying market confidence and investment sentiment are improving amidst strong economic fundamentals.

We are confident that we shall overcome any challenges that lie ahead and adopt appropriate measures to safeguard and strengthen our operations. We shall continue to adopt prudent financial management, closely monitor uncertainties in the market and take cautious steps to safeguard the interests of the Group.

Given the strong balance sheet of the Group and our long established experience in the property business, we are confident of the prospect in our business during the upcoming year.

### APPRECIATION

I would like to take this opportunity to express my warmest welcome to Mr. Chan Woon Kong and Mr. Soo Hung Leung, Lincoln for joining the Company and 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, 9th July 2004

The Directors have pleasure in submitting their report together with the audited accounts of the Company and the Group for the year ended 31st March 2004.

#### **PRINCIPAL ACTIVITIES**

The principal activities of the Company and its subsidiary companies (the "Group") are investment holding, property development and investment, property management and building contractor.

#### **RESULTS**

The results of the Group for the year ended 31st March 2004 are shown on page 31.

#### **DIVIDEND**

No interim dividend had been declared or paid during the year (2003: nil). The Directors have decided to recommend at the forthcoming annual general meeting of the Company to be held on Monday, 23rd August 2004 a final dividend of HK 3 cents per share (2003: nil) and a special dividend of HK 3 cents per share (2003: nil) to be paid on Monday, 30th August 2004 to the shareholders whose names appear on the register of members of the Company on Monday, 23rd August 2004. The proposed final dividend and special dividend will amount to total dividends of HK 6 cents per share for the year (2003: nil).

#### **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 58.

#### **RESERVES**

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

Distributable reserves of the Company as at 31st March 2004, calculated under Section 79B of the Hong Kong Companies Ordinance, amounted to HK\$292,138,368 (2003: HK\$275,333,987).

#### **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 investment and sale purposes are shown on pages 60 to 67.

#### **SHARE CAPITAL**

Details of the movement in share capital of the Company are set out in note 21 to the accounts.

### DIRECTORS

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

#### Executive Directors

Mr. Cheung Kee Wee (*Chairman*)

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

Mr. Chan Woon Kong (Appointed on 9th July 2004)

Mr. Soo Hung Leung, Lincoln (Appointed on 9th July 2004)

In accordance with Article 94 of the Company's Articles of Association, Mr. Chan Woon Kong and Mr. Soo Hung Leung, Lincoln retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

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

### BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

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

### DIRECTORS' SERVICE CONTRACTS

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.

### DIRECTORS' INTERESTS IN CONTRACTS

Save for those "Significant Related Party Transactions" described in note 25 to the accounts and the section "Connected Transaction" below, 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' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 31st March 2004, the interests and 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 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 Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

**Long Positions in Ordinary Shares of the Company**

<b>Name of Director</b>	<b>Personal Interests</b>	<b>Corporate Interests</b>	<b>Other Interests</b>	<b>Total</b>	<b>% of issued share capital</b>
Cheung Kee Wee	—	1,705,360 (Note 1)	87,391,440 (Note 2)	89,096,800	73.66
Cheung Lin Wee	572,000	—	87,391,440 (Note 2)	87,963,440	72.72
Cheung Ying Wai, Eric	396,000	—	13,444,837 (Note 3)	13,840,837	11.44

*Notes:*

- (1) These shares were held by a company of which Mr. Cheung Kee Wee and his spouse in aggregate owned 50% interest. Therefore, Mr. Cheung was deemed to be interested in these shares under the SFO.
- (2)\* The 87,391,440 shares of Messrs. Cheung Kee Wee and Cheung Lin Wee related to the same block of shares in the Company. Messrs. Cheung Kee Wee and Cheung Lin Wee are two of the three executors under the Will of Mr. Cheung Kung Hai, deceased ("CKH") who held 87,391,440 shares before his death. Under the Will of CKH in which Messrs. Cheung Kee Wee and Cheung Lin Wee are also two of the beneficiaries, the assets are to be held on trust for sale. The Executors however have right of appropriation of the assets to the beneficiaries in specie and there is hence a possibility that shares will be distributed to beneficiaries. To avoid double counting, the number of shares that may contingently be allocated to Messrs. Cheung Kee Wee and Cheung Lin Wee respectively have not been added to these numbers of shares.
- (3)\* CKH held 87,391,440 shares before his death. Under the Will of CKH in which Cheung Ying Wai, Eric is one of the beneficiaries, there is a possibility that these 13,444,837 shares will be allocated to Mr. Cheung Ying Wai, Eric.
- \* Since probate has not been granted and the Executors are not yet registered as holders of the shares in question, strictly speaking, a trust of the shares has not yet been legally constituted.



**DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)**

Save as disclosed above, as at 31st March 2004, 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 Listing Rules.

**SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS**

So far as is known to the Directors or Chief Executives of the Company, as at 31st March 2004, 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 the ordinary shares of the Company**

	Number of shares	% of issued share capital
<b>Substantial Shareholders:</b>		
Cheung Kung Hai, deceased	87,391,440	72.25
Chin Lan Hong	99,387,040 (Note 1)	82.17
Kung So Ha, Anne	89,096,800 (Note 2)	73.66
Wu Suet Yi, Rita	87,963,440 (Note 3)	72.72
Hoh Kwok Hing, Corinne	13,840,837 (Note 4)	11.44
<b>Person other than Substantial Shareholders:</b>		
Megabest Securities Ltd.	11,295,600 (Note 5)	9.34

**SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS (Continued)**

## Notes:

- (1)\* Out of the 99,387,040 shares, 11,295,600 shares were held by Megabest Securities Limited ("Megabest") of which Madam Chin Lan Hong was interested in the entire issued share capital, through the chain of ownership being described in Note (5) below; 700,000 shares were held under her personal interests; and 87,391,440 shares related to the same block of shares as described in "Other Interests" of Messrs. Cheung Kee Wee and Cheung Lin Wee respectively under the heading of "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures", as Madam Chin Lan Hong together with Messrs. Cheung Kee Wee and Cheung Lin Wee are the three executors under the Will of CKH who held 87,391,440 shares before his death. Under the Will of CKH, Madam Chin Lan Hong is also one of the beneficiaries. To avoid double counting, the number of shares which may contingently be allocated to Madam Chin Lan Hong has not been added to this number of shares.
- (2) Ms. Kung So Ha, Anne is the wife of Mr. Cheung Kee Wee and was taken to be interested in these shares in which her spouse was interested under the SFO.
- (3) Ms. Wu Suet Yi, Rita is the wife of Mr. Cheung Lin Wee and was taken to be interested in these shares in which her spouse was interested under the SFO.
- (4) Ms. Hoh Kwok Hing, Corinne is the wife of Mr. Cheung Ying Wai, Eric and was taken to be interested in these shares in which her spouse was interested under the SFO.
- (5) These 11,295,600 shares held by Megabest related to the same block of shares as described in Note (1). These shares were held by Megabest through its wholly owned subsidiary Profit-taking Company Inc., which in turn held the entire issued share capital of Pullfield Company Limited, the registered owner of the said 11,295,600 shares of the Company.
- \* Since probate has not been granted and the Executors are not yet registered as holders of the shares in question, strictly speaking, a trust of the shares has not yet been legally constituted.

Save as disclosed above, as at 31st March 2004, 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 subsidiary companies has purchased or sold any of the Company's shares during the year.

### 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 42.3% of the Group's total turnover, of which 18.5% 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 5% of the Company's issued share capital has an interest in the major customers or suppliers disclosed above, except that CKH, substantial shareholder of the Company, has beneficial interests in three of the Group's five largest customers and Madam Chin Lan Hong, a shareholder owns more than 5% of the Company's issued share capital, has beneficial interest in three of the Group's five largest customers.

### CONNECTED TRANSACTIONS

Significant related party transactions entered by the Group during the year ended 31st March 2004, which also constitute connected transactions under the Listing Rules, are disclosed in note 25 to the accounts.

### DISCLOSURE PURSUANT TO THE RULES 13.20 AND 13.22 OF THE LISTING RULES

As at 31st March 2004, the market capitalization of the Company was approximately HK\$154,103,040 (the "Market Capitalization") which was based on the total number of 120,960,000 shares of the Company in issue on 31st March 2004 and the average closing price of HK\$1.274 per share from 24th March 2004 to 30th March 2004 (both days inclusive) being the five business days immediately preceding 31st March 2004.

**DISCLOSURE PURSUANT TO THE RULES 13.20 AND 13.22 OF THE LISTING RULES (Continued)**

Details of the advances made by the Group to the following entities as at 31st March 2004, which individually exceeded 8% of the Market Capitalization, are as follows:

Name of Entities	Percentage of equity interest held by the Group	Advances as at 31 March 2004 HK\$
Cantake Land Investment Company Limited	25%	52,775,266
Chase Good Development Limited	25%	15,871,803
Eastern Tailor Enterprises Limited	25%	19,526,917
Hinquand Enterprise Limited	50%	20,626,760
Keneva Company Limited	25%	38,857,400
Kin Yuen Hing Investment Company Limited	50%	13,159,056
Wah Ha Property Development Limited	50%	14,291,605

The aforesaid advances were funding contributions made to the entities, in proportion to the Group's shareholdings in such companies on the same terms and conditions, for financing their respective property projects. These advances are unsecured, interest free, have no specific repayment terms and are met by the internal resources of the Group.

In total, the Group has provided financial assistance to its affiliated companies at an aggregate amount of HK\$193,434,539 as at 31st March 2004, representing approximately 125.52% of the Market Capitalization. The pro forma combined balance sheet and the Group's attributable interest as at 31st March 2004 is as follows:

	Pro forma Combined Balance Sheet HK\$	Group's Attributable Interests HK\$
Non-current assets	621,844,738	182,026,188
Current assets	251,932,957	84,179,151
Current liabilities	(20,662,242)	(5,792,327)
Net current assets	231,270,715	78,386,824
Non-current liabilities	(744,591,537)	(214,610,749)
Net assets	108,523,916	45,802,263

### SUFFICIENCY OF PUBLIC FLOAT

The public float of shares in the Company has remained above the minimum percentage as required under the Listing Rules throughout the year.

### 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 Listing Rules 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 Listing Rules, an audit committee was established in December 1998. The committee currently comprises five Independent Non-executive Directors, namely Messrs. Lam Hon Keung, Keith, John Ho, Ng Kwok Tung, Chan Woon Kong and Soo Hung Leung, Lincoln, of whom Messrs. Chan Woon Kong and Soo Hung Leung, Lincoln were appointed as additional Independent Non-executive Directors and members of the audit committee on 9th July 2004. The Board is of the opinion that the members of the audit committee have sufficient accounting and financial management expertise or experience to discharge their duties.

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.

### 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, 9th July 2004



**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 31 to 57 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 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.

**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 2004 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, 9th July 2004

## Consolidated Profit and Loss Account

For the year ended 31st March 2004

	Note	2004 HK\$	As restated 2003 HK\$
Turnover	3	9,788,505	12,179,451
Direct costs		(591,424)	(523,028)
Gross profit		9,197,081	11,656,423
Other revenues	4	3,465,540	2,325,615
General and administration expenses		(5,069,527)	(5,062,687)
Other operating income/(expenses)		7,669,652	(6,816,761)
Operating profit	5	15,262,746	2,102,590
Share of profits less losses of associated companies	6	15,096,975	2,673,210
Profit before taxation		30,359,721	4,775,800
Taxation	9	(1,945,893)	(2,770,543)
Profit attributable to shareholders		28,413,828	2,005,257
Dividends	10	7,257,600	—
Earnings per share	11	23.5 cents	1.7 cents

## Consolidated Balance Sheet

As at 31st March 2004

	Note	2004 HK\$	As restated 2003 HK\$
<b>Non-current assets</b>			
Investment properties	12	21,150,000	18,750,000
Associated companies	14	283,458,289	290,978,300
Long-term investments	15	250,448	250,448
		<b>304,858,737</b>	309,978,748
<b>Current assets</b>			
Properties held for sale		7,230,434	7,450,022
Debtors and prepayments	16	3,406,387	3,615,644
Amounts due from related companies	17	109,700	168,705
Current portion of loans receivable	18	—	116,660
Taxation recoverable		37,287	—
Short-term investments	19	113,115,354	103,827,572
Cash and bank balances		80,881,471	45,689,520
		<b>204,780,633</b>	160,868,123
<b>Current liabilities</b>			
Creditors and accruals	20	1,466,835	1,559,916
Amounts due to related companies	17	1,519,769	1,111,915
Taxation payable		37,873	36,904
		<b>3,024,477</b>	2,708,735
<b>Net current assets</b>		<b>201,756,156</b>	158,159,388
<b>Net assets</b>		<b>506,614,893</b>	468,138,136
Financed by:			
<b>Share capital</b>	21	<b>78,624,000</b>	78,624,000
<b>Reserves</b>	22	<b>427,990,893</b>	389,514,136
<b>Shareholders' funds</b>		<b>506,614,893</b>	468,138,136

Cheung Kee Wee  
Director

Cheung Lin Wee  
Director



## Balance Sheet

As at 31st March 2004

	Note	2004 HK\$	2003 HK\$
<b>Non-current assets</b>			
Investment properties	12	21,150,000	18,750,000
Subsidiary companies	13	(12,028,239)	(10,789,224)
Associated companies	14	211,288,908	237,071,892
Long-term investments	15	250,448	250,448
		<b>220,661,117</b>	245,283,116
<b>Current assets</b>			
Properties held for sale		1,124,945	1,124,945
Debtors and prepayments	16	733,195	579,287
Amounts due from related companies	17	105,000	65,775
Short-term investments	19	113,115,354	103,827,572
Cash and bank balances		75,566,743	41,429,010
		<b>190,645,237</b>	147,026,589
<b>Current liabilities</b>			
Creditors and accruals	20	1,091,701	1,062,893
Amounts due to related companies	17	—	236,540
		<b>1,091,701</b>	1,299,433
<b>Net current assets</b>		<b>189,553,536</b>	145,727,156
<b>Net assets</b>		<b>410,214,653</b>	391,010,272
Financed by:			
<b>Share capital</b>	21	<b>78,624,000</b>	78,624,000
<b>Reserves</b>	22	<b>331,590,653</b>	312,386,272
<b>Shareholders' funds</b>		<b>410,214,653</b>	391,010,272

Cheung Kee Wee  
Director

Cheung Lin Wee  
Director

## Consolidated Cash Flow Statement

For the year ended 31st March 2004

	2004	As restated 2003
	HK\$	HK\$
<b>Cash flows from operating activities</b>		
Operating profit	15,262,746	2,102,590
Interest income from investment deposit	(350,634)	(622,922)
Dividend income	(3,462,082)	(2,009,278)
Profit on sales of short-term investments	(1,006,017)	(405,013)
Net unrealised (gain)/loss of short-term investments	(6,663,635)	7,221,774
<b>Operating profit before working capital changes</b>	<b>3,780,378</b>	6,287,151
Decrease/(increase) in properties held for sale	219,588	(84,074)
Decrease/(increase) in debtors and prepayments	209,257	(384,356)
Increase in net amounts due to related companies	466,859	509,132
Decrease in creditors and accruals	(93,081)	(129,356)
<b>Cash generated from operations</b>	<b>4,583,001</b>	6,198,497
Hong Kong profits tax paid	(360,280)	(321,971)
Dividends paid to shareholders	—	(2,419,200)
<b>Net cash inflow from operating activities</b>	<b>4,222,721</b>	3,457,326
<b>Cash flows from investment activities</b>		
Mortgage loans repaid	116,660	90,050
Dividend received from associated companies	2,875,000	1,650,000
Dividend received from investments	3,462,082	2,009,278
Decrease in net amounts due from associated companies	25,782,984	39,285,085
Interest received from investment deposit	350,634	622,922
Disposal of short-term investments	15,998,785	14,004,757
Purchase of short-term investments	(17,616,915)	(77,658,356)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>30,969,230</b>	(19,996,264)
<b>Net increase/(decrease) in cash and bank balances</b>	<b>35,191,951</b>	(16,538,938)
<b>Cash and bank balances at beginning of year</b>	<b>45,689,520</b>	62,228,458
<b>Cash and bank balances at end of year</b>	<b>80,881,471</b>	45,689,520

## Consolidated Statement of Changes in Equity

For the year ended 31st March 2004

	Note	2004 HK\$	2003 HK\$
<b>Equity at beginning of year, as previously reported</b>		<b>472,894,136</b>	481,876,079
Change in accounting policy			
Provision for net deferred tax liabilities	22	<b>(4,756,000)</b>	(4,307,000)
<b>Equity at beginning of year, as restated</b>		<b>468,138,136</b>	477,569,079
Surplus/(deficit) on revaluation of investment properties	22		
Company and subsidiary companies		<b>2,400,000</b>	(400,000)
Associated companies		<b>7,662,929</b>	(8,250,000)
Increase in opening net deferred tax liabilities resulting from an increase in tax rate charged to equity	22	—	(367,000)
Net gains/(losses) not recognised in profit and loss account		<b>10,062,929</b>	(9,017,000)
Profit for the year	22	<b>28,413,828</b>	2,005,257
Dividend	22	—	(2,419,200)
<b>Equity at end of year</b>		<b>506,614,893</b>	468,138,136

**1 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**

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

In the current year, the Company adopted the Statement of Standard Accounting Practice ("SSAP") 12 "Income Taxes" issued by the Hong Kong Society of Accountants which is effective for accounting period commencing on or after 1st January 2003.

The changes to the Group's accounting policy and the effect of adopting this new policy are set out in note 2(h) below.

**(a) 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 account from the date of acquisition or up to the date of disposal as applicable.

The profit and loss on disposal of subsidiary 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.

**(b) 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.

### 2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

#### (b) **Subsidiary companies** *(Continued)*

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 to the extent of dividend income.

#### (c) **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.

Associated companies are accounted for under the equity method whereby the consolidated profit and loss account includes the Group's share of the results of associated companies, and the consolidated balance sheet includes the Group's share of net assets.

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.

#### (d) **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 on acquisitions 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.

The carrying amount of goodwill is reviewed annually and provision is only made where, in the opinion of the Directors, there is impairment in value other than temporary in nature.

#### (e) **Investments**

Investments held for long-term specific purposes 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.

**2 PRINCIPAL ACCOUNTING POLICIES** *(Continued)***(e) Investments** *(Continued)*

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.

**(f) 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 professional valuations carried out 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 thereafter 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.

**(g) 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.

**(h) Deferred taxation**

Deferred taxation 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 accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred 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.

### 2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

#### (h) **Deferred taxation** *(Continued)*

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

In prior years, deferred taxation was accounted for at the current taxation rate in respect of 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 was expected to be payable or recoverable in the foreseeable future. The adoption of the revised SSAP 12 represents a change in accounting policy, which has been applied retrospectively so that the comparatives presented have been restated to conform to the changed policy.

As detailed in note 22, opening reserves at 1st April 2002 and 2003 have been reduced by HK\$4,307,000, and HK\$4,756,000 respectively, which represented the Group's share of its associated companies' additional provision for deferred tax liabilities resulted from the adoption of the revised SSAP 12. This change had resulted in a decrease in the carrying value of associated companies at 31st March 2003 by HK\$4,756,000 and a decrease in profit and asset revaluation reserve for the year ended 31st March 2003 by HK\$82,000 and HK\$367,000 respectively.

#### (i) **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.

#### (j) **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.

**2 PRINCIPAL ACCOUNTING POLICIES** *(Continued)***(k) Revenue recognition**

Sales of completed properties are recognised when the sale agreements are completed or when the relevant building occupation permit is issued by the Building Authorities whichever is the later. When a development property is sold in advance of completion, sales are recognised over the course of the development and are computed as a proportion of the total estimated sales to completion; the proportion used being the lower of the proportion of construction costs incurred at the balance sheet date to estimated total construction costs and the proportion of sales proceeds received at the balance sheet date to total sales proceeds.

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.

**(l) Employee benefits**

The Group participates in a defined contribution scheme. The Group's contributions under the scheme are charged to the profit and loss account as incurred. The amount of the Group's contributions is based on specified percentages of the basic 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.

**(m) 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.



**2 PRINCIPAL ACCOUNTING POLICIES** *(Continued)***(n) 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**

	<b>2004</b>	2003
	<b>HK\$</b>	HK\$
Rental income	<b>3,943,814</b>	4,170,327
Management fee income	<b>4,117,586</b>	4,836,447
Interest income	<b>685,576</b>	1,296,737
Construction supervision fee income	<b>513,529</b>	1,494,640
Sales of properties	<b>528,000</b>	381,300
	<b>9,788,505</b>	12,179,451

**4 OTHER REVENUES**

	<b>2004</b>	2003
	<b>HK\$</b>	HK\$
Dividend income		
Listed investments	<b>742,208</b>	974,980
Unlisted quoted investment fund	<b>2,719,874</b>	1,034,298
Sundries	<b>3,458</b>	316,337
	<b>3,465,540</b>	2,325,615

**5 OPERATING PROFIT**

	<b>2004</b>	2003
	<b>HK\$</b>	HK\$

Operating profit is stated after crediting:

Gross rental income		
Investment properties	<b>963,889</b>	1,142,142
Other properties	<b>2,979,925</b>	3,028,185
Less: related outgoings	<b>(371,836)</b>	(411,480)
Profit on sales of short-term investments	<b>1,006,017</b>	405,013
Net unrealised gain on short-term investments	<b>6,663,635</b>	—

and after charging:

Staff costs (including Directors' remuneration and retirement benefits)	<b>3,566,444</b>	4,233,774
Auditors' remuneration	<b>318,000</b>	297,648
Cost of properties sold	<b>219,588</b>	111,548
Net unrealised loss on short-term investments	—	7,221,774

**6 SHARE OF PROFITS LESS LOSSES OF ASSOCIATED COMPANIES**

The Group's share of results of associated companies included surpluses on revaluation of properties held by associated companies amounting to HK\$3,688,438 (2003: deficits of HK\$9,882,820).

**7 REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT**

	<b>2004</b>	2003
	<b>HK\$</b>	HK\$

Fees	<b>135,000</b>	135,000
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Directors' fees paid to Independent Non-executive Directors amounted to HK\$75,000 (2003: HK\$75,000) and no other emoluments were paid.

None of the Directors has waived the right to receive their emoluments.

**7 REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT** *(Continued)*

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

	<b>2004</b>	2003
	<b>HK\$</b>	<b>HK\$</b>
Salaries and other emoluments	<b>1,358,216</b>	1,555,109
Contributions to retirement benefits scheme	<b>80,775</b>	119,730
	<b>1,438,991</b>	1,674,839

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\$208,775 (2003: HK\$240,130).

**9 TAXATION**

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 16%) on the estimated assessable profit for the year. In 2003, the government enacted a change in the profits tax rate from 16% to 17.5% for the fiscal year 2003/2004.

	<b>2004</b>	As restated 2003
	<b>HK\$</b>	<b>HK\$</b>
Current taxation:		
Hong Kong profits tax	<b>313,880</b>	294,969
Under provision in prior years	<b>10,082</b>	272
	<b>323,962</b>	295,241
Share of taxation attributable to associated companies	<b>1,621,931</b>	2,475,302
	<b>1,945,893</b>	2,770,543

**9 TAXATION (Continued)**

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong, the home country of the Company, as follows:

	<b>2004</b>	2003
	<b>HK\$</b>	<b>HK\$</b>
Profit before taxation	<b>30,359,721</b>	4,775,800
Calculated at a taxation rate of 17.5% (2003: 16%)	<b>5,312,951</b>	764,128
Over provision in prior years	<b>(230,259)</b>	(130,664)
Income not subject to taxation	<b>(1,439,119)</b>	(618,494)
Expenses not deductible for taxation purposes	<b>243,085</b>	1,561,541
(Decrease)/increase in unrecognised tax losses	<b>(1,902,501)</b>	978,160
Increase in deferred tax liabilities resulting from an increase in tax rate	—	81,143
Temporary differences not recognised	<b>(13,546)</b>	134,644
Others	<b>(24,718)</b>	85
Taxation charge	<b>1,945,893</b>	2,770,543

**10 DIVIDENDS**

	<b>2004</b>	2003
	<b>HK\$</b>	<b>HK\$</b>
Proposed final of HK 3 cents (2003: nil cents) per share	<b>3,628,800</b>	—
Proposed special of HK 3 cents (2003: nil cents) per share	<b>3,628,800</b>	—
	<b>7,257,600</b>	—

At a meeting held on 9th July 2004, the Board of Directors proposed a final dividend of HK 3 cents per shares and a 30th Anniversary special dividend of HK 3 cents per share. This proposed final dividend and special dividend will be accounted for as an appropriation of retained profits for the year ending 31st March 2005.

**11 EARNINGS PER SHARE**

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$28,413,828 (2003: HK\$2,005,257) and on 120,960,000 shares in issue during the year.

**12 INVESTMENT PROPERTIES**

	<b>Group and Company</b>
	<i>HK\$</i>
Valuation	
At 31st March 2003	18,750,000
Surplus on revaluation ( <i>note 22</i> )	2,400,000
<b>At 31st March 2004</b>	<b>21,150,000</b>

The properties are held under leases of over 50 years in Hong Kong and are stated at professional valuation made on 31st March 2004 by CS Surveyors Limited on an open market value basis.

**13 SUBSIDIARY COMPANIES**

	<b>Company</b>	
	<b>2004</b>	2003
	<i>HK\$</i>	<i>HK\$</i>
Unlisted shares, at cost	<b>110,346</b>	110,246
Amounts receivable	<b>331,474</b>	211,454
Amounts payable	<b>(12,470,059)</b>	(11,110,924)
	<b>(12,028,239)</b>	(10,789,224)

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

**13 SUBSIDIARY COMPANIES** *(Continued)*

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

<b>Name</b>	<b>Principal activities</b>	<b>Particular of issued share capital</b>
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 (formerly known as Khanman Construction Company 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
WH Properties Limited	Dormant	100 Ordinary shares of HK\$1 each
Wah Ha Real Estate Agency Limited	Property agency	1,000 Ordinary shares of HK\$10 each

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

## 14 ASSOCIATED COMPANIES

	Group		Company	
	2004	As restated 2003	2004	2003
	HK\$	HK\$	HK\$	HK\$
Unlisted shares, at cost or Directors' valuation in 1990	26,240,628	26,240,628	26,240,628	26,240,628
Share of retained post- acquisition reserves	72,169,381	53,906,408	—	—
Share of net assets	98,410,009	80,147,036	26,240,628	26,240,628
Amounts receivable	193,434,539	217,398,027	193,434,539	217,398,027
Amounts payable	(8,386,259)	(6,566,763)	(8,386,259)	(6,566,763)
	185,048,280	210,831,264	185,048,280	210,831,264
	283,458,289	290,978,300	211,288,908	237,071,892

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

Name	Principal activities	Amounts receivable/ (payable) by Group		Particulars of issued share capital	Effective percentage of equity held by Group
		2004 HK\$	2003 HK\$		
Cantake Land Investment Company Limited	Property development	52,775,266	72,355,056	6,000,000 shares of HK\$1 each	25
Chase Good Development Limited	Property development	15,871,803	16,105,303	4 shares of HK\$1 each	25

## 14 ASSOCIATED COMPANIES (Continued)

Name	Principal activities	Amounts receivable/ (payable) by Group		Particulars of issued share capital	Effective percentage of equity held by Group
		2004 HK\$	2003 HK\$		
Daily Eagle Development Limited	Property development	<b>(6,212,335)</b>	(3,489,839)	4 shares of HK\$1 each	25
Eastern Tailor Enterprises Limited	Property investment	<b>19,526,917</b>	20,406,419	10,000 shares of HK\$1 each	25
Fu Kung San Realty Limited	Investment holding	<b>(287,610)</b>	(1,690,610)	100 shares of HK\$10 each	50
Fullion Realty Limited	Property investment	<b>26,284</b>	26,284	4 shares of HK\$10 each	50
Fupoly Properties Limited	Property investment	—	—	10,000 shares of HK\$10 each	25
Hinquand Enterprise Limited	Property investment	<b>20,626,760</b>	21,506,760	1,000 shares of HK\$10 each	50
Kam Lee Wah Realty Limited	Property investment	<b>105,935</b>	190,230	100,000 shares of HK\$1 each	50
Keneva Company Limited	Property development	<b>38,857,400</b>	38,607,400	20 shares of HK\$10 each	25
Keneva Construction Company Limited	Building contractor	—	—	4 shares of HK\$10 each	25
Kin Yuen Hing Investment Company Limited	Property development	<b>13,159,056</b>	14,709,056	200,000 shares of HK\$1 each	50



## 14 ASSOCIATED COMPANIES (Continued)

Name	Principal activities	Amounts receivable/ (payable) by Group		Particulars of issued share capital	Effective percentage of equity held by Group
		2004 HK\$	2003 HK\$		
Mass Collection Company Limited	Property development	<b>(1,886,314)</b>	(1,386,314)	2 shares of HK\$1 each	50
Remadour Estate Limited	Property investment	<b>9,261,495</b>	9,820,495	10,000 shares of HK\$1 each	25
Sing Mei Properties Limited	Property investment	—	—	69,513 shares of HK\$100 each	25
Star Fortune Investments Limited	Provision of finance	<b>2,084,974</b>	1,865,374	2 shares of HK\$1 each	50
Sun Prince Godown Limited	Property investment	<b>3,425,575</b>	3,396,575	100,000 shares of HK\$10 each	50
Sun Tai Tsuen Godown Company Limited	Property investment	<b>3,421,469</b>	3,417,469	100,000 shares of HK\$10 each	50
Wah Ha Property Development Limited	Property investment	<b>14,291,605</b>	14,991,606	10 shares of HK\$10 each	50
		<b>185,048,280</b>	210,831,264		

- (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 and operate 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.

**15 LONG-TERM INVESTMENTS**

	<b>Group and Company</b>	
	<b>2004</b>	2003
	<b>HK\$</b>	HK\$
Unlisted shares, at cost	<b>250,448</b>	250,448

**16 DEBTORS AND PREPAYMENTS**

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	2003	<b>2004</b>	2003
	<b>HK\$</b>	HK\$	<b>HK\$</b>	HK\$
Trade debtors				
Below 60 days	<b>143,848</b>	106,046	<b>16,200</b>	17,700
Over 60 days	<b>40,004</b>	—	<b>40,004</b>	—
Other receivables	<b>3,069,801</b>	3,110,461	<b>543,758</b>	428,354
Prepayments and utility deposits	<b>152,734</b>	399,137	<b>133,233</b>	133,233
	<b>3,406,387</b>	3,615,644	<b>733,195</b>	579,287

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

**17 BALANCES WITH RELATED COMPANIES**

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

**18 LOANS RECEIVABLE**

	<b>Group</b>	
	<b>2004</b>	2003
	<b>HK\$</b>	HK\$
Mortgage loans	—	116,660
Current portion included in current assets	—	(116,660)
	—	—

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

## 19 SHORT-TERM INVESTMENTS

	Group and Company	
	2004	2003
	HK\$	HK\$
Unlisted quoted investment fund, at market value	<b>92,224,979</b>	83,843,621
Listed shares, at market value		
Hong Kong	<b>10,015,112</b>	12,557,576
Overseas	<b>10,875,263</b>	7,426,375
	<b>113,115,354</b>	103,827,572

## 20 CREDITORS AND ACCRUALS

	Group		Company	
	2004	2003	2004	2003
	HK\$	HK\$	HK\$	HK\$
Trade creditors				
Below 90 days	<b>22,902</b>	125,784	—	—
Over 90 days	<b>19,380</b>	10	<b>10</b>	10
	<b>42,282</b>	125,794	<b>10</b>	10
Other payables	<b>210,250</b>	210,250	<b>210,250</b>	210,250
Rental and utility deposits received	<b>826,323</b>	822,948	<b>529,254</b>	557,654
Accrued expenses	<b>387,980</b>	400,924	<b>352,187</b>	294,979
	<b>1,466,835</b>	1,559,916	<b>1,091,701</b>	1,062,893

## 21 SHARE CAPITAL

	Company	
	2004	2003
	HK\$	HK\$
<i>Authorised:</i>		
150,000,000 shares of HK\$0.65 each	<b>97,500,000</b>	97,500,000
<i>Issued and fully paid:</i>		
120,960,000 shares of HK\$0.65 each	<b>78,624,000</b>	78,624,000

## 22 RESERVES

	Asset revaluation reserve HK\$	Investment properties revaluation reserve HK\$	Retained Profits HK\$	Total HK\$
<b>Group</b>				
At 31st March 2002				
As previously reported	24,461,230	32,547,693	346,243,156	403,252,079
Change in accounting policy				
— Provision for net deferred tax liabilities (note 2(h))	(3,914,000)	—	(393,000)	(4,307,000)
As restated	20,547,230	32,547,693	345,850,156	398,945,079
Deficit on revaluation				
Company and subsidiary companies	—	(400,000)	—	(400,000)
Associated companies	—	(8,250,000)	—	(8,250,000)
Profit for the year, as restated	—	—	2,005,257	2,005,257
2002 dividend paid	—	—	(2,419,200)	(2,419,200)
Increase in opening net deferred tax liabilities resulting from an increase in tax rate	(367,000)	—	—	(367,000)
At 31st March 2003, as restated	20,180,230	23,897,693	345,436,213	389,514,136
At 31st March 2003				
As previously reported	24,461,230	23,897,693	345,911,213	394,270,136
Change in accounting policy				
— Provision for net deferred tax liabilities (note 2(h))	(4,281,000)	—	(475,000)	(4,756,000)
As restated	20,180,230	23,897,693	345,436,213	389,514,136
Surplus on revaluation				
Company and subsidiary companies	—	2,400,000	—	2,400,000
Associated companies	—	7,662,929	—	7,662,929
Profit for the year	—	—	28,413,828	28,413,828
<b>At 31st March 2004</b>	<b>20,180,230</b>	<b>33,960,622</b>	<b>373,850,041</b>	<b>427,990,893</b>
<b>Company</b>				
At 31st March 2002	23,600,000	13,852,285	276,012,073	313,464,358
Deficit on revaluation	—	(400,000)	—	(400,000)
Profit for the year	—	—	1,741,114	1,741,114
2002 dividend paid	—	—	(2,419,200)	(2,419,200)
At 31st March 2003	23,600,000	13,452,285	275,333,987	312,386,272
Surplus on revaluation	—	2,400,000	—	2,400,000
Profit for the year	—	—	16,804,381	16,804,381
<b>At 31st March 2004</b>	<b>23,600,000</b>	<b>15,852,285</b>	<b>292,138,368</b>	<b>331,590,653</b>

**22 RESERVES (Continued)**

Asset revaluation reserve, investment properties revaluation reserve and retained profits of the Group attributable to associated companies amounted to HK\$20,180,230 (2003: HK\$20,180,230), HK\$18,108,337 (2003: HK\$10,445,408), HK\$57,480,814 (2003: HK\$46,880,770) respectively.

**23 DEFERRED TAXATION**

Deferred taxation is calculated in full on temporary differences under the liability method using a taxation rate of 17.5% (2003: 17.5%).

Deferred income tax assets are recognised for tax loss carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK\$1,263,000 (2003: HK\$11,621,000) to carry forward against future taxable income; these tax losses have no expiry date.

**24 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:

	<b>Group</b>	
	<b>2004</b>	2003
	<b>HK\$</b>	HK\$
First year	<b>2,767,738</b>	2,810,986
Second to fifth years inclusive	<b>1,531,856</b>	563,981
	<b>4,299,594</b>	3,374,967

**25 SIGNIFICANT RELATED PARTY TRANSACTIONS**

The following is a summary of related party transactions carried out in the normal course of the Group's business during the year:

	<i>Note</i>	<b>2004</b>	2003
		<b>HK\$</b>	<b>HK\$</b>
Associated companies			
Management fee income	1	<b>2,378,000</b>	3,005,500
Related companies			
Management fee income	1	<b>324,000</b>	324,000
Construction supervision fee income	2	<b>513,529</b>	1,494,640
Estate agency fee income	3	<b>200,000</b>	200,000

Notes:

- (1) The Group provides management services to certain associated companies and a related company. Fees are charged based on a percentage of annual rental income received by associated companies and the related company.
- (2) The Group provides supervisory services for building construction work to certain related companies. Service fees are calculated based on the number of employee on the job.
- (3) The Group provides estate agency services to a related company at a fixed annual fee.

**26 SEGMENT INFORMATION**

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

## 26 SEGMENT INFORMATION (Continued)

## Primary reporting segment — business segment

	Property investment, development and management and building contractor HK\$	Investments and corporate services HK\$	Total HK\$
<b>Year ended 31st March 2004</b>			
Turnover	6,200,929	3,587,576	9,788,505
Segment results	3,825,005	11,437,741	15,262,746
Share of profits less losses of associated companies	15,096,975	—	15,096,975
Profit before taxation			30,359,721
Taxation			(1,945,893)
Profit attributable to shareholders			28,413,828
Segment assets	314,952,749	113,767,865	428,720,614
Common assets			80,918,758
Total assets			509,639,372
Segment liabilities	2,776,352	210,250	2,986,602
Common liabilities			37,873
Total liabilities			3,024,475



**26 SEGMENT INFORMATION** *(Continued)***Primary reporting segment — business segment** *(Continued)*

	Property investment, development and management and building contractor HK\$	Investments and corporate services HK\$	Total HK\$
Year ended 31st March 2003 — as restated			
Turnover	7,353,214	4,826,237	12,179,451
Segment results	4,668,142	(2,565,552)	2,102,590
Share of profits less losses of associated companies	2,673,210	—	2,673,210
Profit before taxation			4,775,800
Taxation			(2,770,543)
Profit attributable to shareholders			2,005,257
Segment assets	320,676,012	104,481,339	425,157,351
Common assets			45,689,520
Total assets			470,846,871
Segment liabilities	2,461,581	210,250	2,671,831
Common liabilities			36,904
Total liabilities			2,708,735

**27 APPROVAL OF ACCOUNTS**

The accounts were approved by the Board of Directors on 9th July 2004.

		As restated			
	<b>2004</b>	2003	2002	2001	2000
	<b>HK\$'000</b>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Results</b>					
<b>Year ended 31st March</b>					
Turnover	<b>9,789</b>	12,179	13,669	16,976	16,672
Profit before taxation	<b>30,360</b>	4,776	11,276	3,256	27,182
Profit attributable to shareholders	<b>28,414</b>	2,005	8,744	355	23,311
Dividends	<b>7,258</b>	—	2,419	4,717	6,048
<b>Assets and liabilities</b>					
<b>As at 31st March</b>					
Investment properties	<b>21,150</b>	18,750	19,150	20,800	23,300
Associated companies	<b>283,458</b>	290,978	344,639	358,945	378,356
Other investments	<b>250</b>	250	250	250	250
Loans receivable	—	—	64	198	366
Current assets	<b>204,781</b>	160,868	120,603	116,529	99,970
Total assets	<b>509,639</b>	470,846	484,706	496,722	502,242
Current liabilities	<b>3,024</b>	2,708	2,820	8,035	2,819
<b>Employment of funds</b>	<b>506,615</b>	468,138	481,886	488,687	499,423
Share capital	<b>78,624</b>	78,624	78,624	78,624	78,624
Reserves	<b>427,991</b>	389,514	403,252	410,045	420,771
Shareholders' funds	<b>506,615</b>	468,138	481,876	488,669	499,395
Deferred taxation	—	—	10	18	28
<b>Funds employed</b>	<b>506,615</b>	468,138	481,886	488,687	499,423

The figures for 2003 have been restated as a result of the adoption of SSAP 12 "Income Taxes" issued by the HKSA. Details of the change in accounting policy are set out in note 2(h) to the accounts. The figures for 2000 to 2002 have not been restated to reflect this change.

## 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 2004:

	2004	As restated 2003
	HK\$	HK\$
<b>Results</b>		
Turnover	<b>123,162,466</b>	147,216,999
Operating profit	<b>42,145,916</b>	47,350,610
Surplus/(deficit) on revaluation of properties	<b>8,858,220</b>	(39,336,372)
Profit before taxation	<b>51,004,136</b>	8,014,238
Taxation	<b>(5,219,364)</b>	(8,457,708)
Profit/(loss) after taxation	<b>45,784,772</b>	(443,470)
Group's share of profits less losses before taxation	<b>15,096,975</b>	2,673,210
<b>Net assets</b>		
Investment properties	<b>722,623,936</b>	738,014,494
Loans receivable	<b>3,141,556</b>	4,967,623
Current assets		
Properties held for sale	<b>315,585,196</b>	315,045,478
Debtors and prepayments	<b>16,326,173</b>	20,464,487
Current portion of loans receivable	<b>2,292,670</b>	306,036
Taxation recoverable	<b>774,885</b>	149,307
Cash and bank balances	<b>20,469,769</b>	10,339,453
Current liabilities		
Creditors and accruals	<b>(34,194,607)</b>	(40,124,720)
Taxation payable	<b>(703,006)</b>	(1,390,033)
Net amounts due to shareholders	<b>(738,821,537)</b>	(800,337,840)
Deferred taxation	<b>(13,198,398)</b>	(14,193,296)
Net assets	<b>294,296,637</b>	233,240,989
Group's share of net assets	<b>98,410,009</b>	80,147,036

**(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.") 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

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

<b>Type</b>	<b>Lease Term</b>	<b>Registered Owner</b>
Commercial	Long Lease	Wah Ha Realty Company Limited
Industrial	Long Lease	Wah Ha Realty Company Limited
Residential	Long Lease	Wah Ha Realty Company Limited
Commercial	Long Lease	Wah Ha Property Development Limited
Residential	Long Lease	Wah Ha Property Development Limited
Commercial	Long Lease	Hinquand Enterprise Limited
Residential	Long Lease	Wah Ha Property Development Limited
Residential	Medium Lease	Wah Ha Property Development Limited

**(a) For investment** *(Continued)*

<b>Description</b>	<b>Lot No.</b>
<b>Hong Kong</b> <i>(Continued)</i>	
Flat A on 6/F & 1 carpark, Mountain Lodge at No. 44 Mount Kellet Road	Rural Building Lot No. 199
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
<b>New Territories</b>	
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 (16 townhouses, 25 duplex units and 57 carparks) at No. 9 Yu Tai Road, Kai Leng, Fanling	Fanling Sheung Shui Town Lot No. 116

<b>Type</b>	<b>Lease Term</b>	<b>Registered Owner</b>
Residential	Long Lease	Wah Ha Property Development Limited
Residential	Long Lease	Remadour Estate Limited
Residential	Long Lease	Eastern Tailor Enterprises Limited
Industrial/Godown	Medium Lease	Daily Eagle Development Limited and Double Joy Investment Company Limited
Agricultural	Medium Lease	Wah Ha Property Development Limited
Industrial/Godown	Medium Lease	Chase Good Development Limited
Residential	Medium Lease	Cantake Land Investment Company Limited

**(b) For sale**

<b>Description</b>	<b>Lot No.</b>
<b>Hong Kong</b>	
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
<b>Kowloon</b>	
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
<b>New Territories</b>	
Festigood Centre (4 units) at No. 8 Lok Yip Road, On Lok Tsuen, Fanling	Fanling Sheung Shui Town Lot No. 98
Delya Industrial Centre (31 units & 18 carparks) at Shek Pai Tau Road, Tuen Mun	Tuen Mun Town Lot No. 164



<b>Type</b>	<b>Approximate Gross Floor Area (sq. ft.)</b>	<b>Registered Owner</b>	<b>Group's Interest (%)</b>
Commercial	773	Kam Lee Wah Realty Limited and Kamlloyds Company Limited	25
Office/Industrial	238,590	Keneva Company Limited	25
Commercial (G/F & 1/F)	36,853		
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	30,205	Tinpoly Realty Limited and Delya Realty Limited	50

**(b) For sale** *(Continued)*

<b>Description</b>	<b>Lot No.</b>
<b>New Territories</b> <i>(Continued)</i>	
Texaco Road Industrial Centre (25 units & 5 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 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
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

<b>Type</b>	<b>Approximate Gross Floor Area (sq. ft.)</b>	<b>Registered Owner</b>	<b>Group's Interest (%)</b>
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



華廈置業有限公司  
WAH HA REALTY COMPANY LIMITED

## WAH HA REALTY COMPANY LIMITED

(Incorporated in Hong Kong with Limited Liability)  
(Stock code: 278)

### PROXY FORM

I/We <sup>(Note 1)</sup>, \_\_\_\_\_  
of \_\_\_\_\_  
being the registered holder(s) of \_\_\_\_\_ shares <sup>(Note 2)</sup> of HK\$0.65 each in the share capital of **Wah Ha Realty Company Limited** (the "Company"), **HEREBY APPOINT** the Chairman of the meeting or <sup>(Note 3)</sup> of \_\_\_\_\_  
or failing him \_\_\_\_\_  
of \_\_\_\_\_  
to act as my/our proxy to attend and vote for and on my/our behalf as directed below 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 Monday, 23 August 2004 at 12:00 noon and at any adjournment thereof.

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

#### RESOLUTIONS

##### ORDINARY BUSINESS

	<b>For</b>	<b>Against</b>	<b>Abstain</b>
1. To receive and consider the Audited Accounts and the Reports of the Directors and Auditors for the year ended 31 March 2004.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. (A) To declare a Final Dividend.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(B) To declare a Special Dividend.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. (A) To re-elect Mr. Chan Woon Kong as Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(B) To re-elect Mr. Soo Hung Leung, Lincoln as Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) To re-elect Mr. Cheung Kee Wee as Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) To re-elect Mr. Lam Hon Keung, Keith as Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) 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 to authorize the Directors 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 additional shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) To extend the general mandate granted to the Directors to issue additional shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. To approve the proposed amendments to the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date: \_\_\_\_\_

Shareholder's Signature <sup>(Note 4)</sup>: \_\_\_\_\_

#### Notes:

- Full name(s) and addresses(es) to be inserted in BLOCK CAPITALS.
- 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 capital of the Company registered in your name(s).
- If any proxy other than the Chairman of the meeting is preferred, strike out the words "the Chairman of the meeting or" and insert the full name(s) and address(es) of the proxy(ies) desired in the space provided. A shareholder having more than one share in the Company may appoint one or more proxies to attend and on a poll, vote in his stead. The proxy need not be a member of the Company but must attend the meeting to represent you.
- This proxy form must be signed by you or your attorney duly authorized in writing, or in case of a corporation, must either be executed under its Common Seal or under the hand of an officer or attorney duly authorised in writing. In the case of joint holders, any one of such holders may vote either in person or by proxy. However, 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 and sign this proxy form.
- 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.
- Any alteration made to this proxy form must be initialled by the person who signs it.
- Completion and return of this proxy form will not preclude you from attending the meeting in person if you so wish. In such event, this proxy form will be deemed to have been revoked.