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WAH HA REALTY COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 278)

ANNUAL RESULTS ANNOUNCEMENT

For the year ended 31st March 2015

The Board of Directors of Wah Ha Realty Company Limited (the “Company”) announces that the consolidated results of the Company and its subsidiaries (the “Group”) and its associated companies for the year ended 31st March 2015, with comparative figures for the previous year, are as follows: -

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2015**

	Note	2015 HK\$	2014 HK\$
Revenues	2	19,716,714	19,937,658
Changes in fair value of investment properties		7,100,000	(2,100,000)
Net fair value (losses)/gains on financial assets at fair value through profit or loss		(138,462)	1,059,925
Other gains/(losses), net	4	227,932	(102,895)
Direct outgoings in relation to properties that generate income	5	(412,602)	(393,585)
Cost of sales of completed properties	5	(404,950)	(954,460)
Staff costs	5	(6,393,290)	(6,135,415)
Other operating expenses	5	(1,361,322)	(1,394,475)
Operating profit		18,334,020	9,916,753
Share of profits less losses of associated companies		60,998,885	36,208,134
Profit before income tax		79,332,905	46,124,887
Income tax expense	6	(885,996)	(994,354)
Profit and total comprehensive income attributable to equity holders of the Company		78,446,909	45,130,533
Dividends	7	43,545,600	41,126,400
Earnings per share (Basic and diluted)	8	0.65	0.37

**CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH 2015**

	Note	2015 HK\$	2014 HK\$
ASSETS			
Non-current assets			
Investment properties		73,000,000	65,900,000
Investments in associated companies		751,009,635	690,010,750
Amounts due from associated companies		1,577,179	5,520,179
Available-for-sale financial assets		250,448	250,448
Deferred income tax assets		1,094,631	762,776
		<u>826,931,893</u>	<u>762,444,153</u>
Current assets			
Completed properties held for sale		5,243,989	5,615,989
Amounts due from associated companies		34,336,010	38,446,010
Trade and other receivables	9	1,444,076	1,325,518
Tax recoverable		38,093	19,052
Financial assets at fair value through profit or loss		3,149,633	3,288,095
Cash and bank balances		363,545,473	358,649,739
		<u>407,757,274</u>	<u>407,344,403</u>
Total assets		<u><u>1,234,689,167</u></u>	<u><u>1,169,788,556</u></u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		78,624,000	78,624,000
Retained profits			
- Proposed dividends		30,240,000	27,820,800
- Others		1,084,803,321	1,049,902,012
		<u>1,115,043,321</u>	<u>1,077,722,812</u>
Total equity		<u><u>1,193,667,321</u></u>	<u><u>1,156,346,812</u></u>

	Note	2015 HK\$	2014 HK\$
LIABILITIES			
Current liabilities			
Amounts due to associated companies		36,233,883	8,755,283
Trade and other payables	10	4,222,438	3,416,487
Tax payable		565,525	1,269,974
Total liabilities		41,021,846	13,441,744
Total equity and liabilities		1,234,689,167	1,169,788,556
Net current assets		366,735,428	393,902,659

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

The Group adopted the revised standards and amendments to existing standards below, which are relevant to its operations.

Amendment to HKAS 32	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
Amendment to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets
Amendment to HKAS 39	Financial Instruments: Recognition and Measurement - Novation of Derivatives
Amendments to HKFRS 10, 12 and HKAS 27 (2011)	Consolidation for Investment Entities
HK(IFRIC) – Int 21	Levies

The Group has assessed the impact of the adoption of these revised standards and amendments and considered that there were no significant impact on the Group’s results and financial position or any substantial changes in the Group’s accounting policies and presentation of the financial information.

New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) came into effect on 3rd March 2014. As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements during the financial year.

2. REVENUES

	2015	2014
	HK\$	HK\$
Rental income		
Investment properties	1,175,807	1,049,952
Other properties	4,499,724	3,648,812
Sales of completed properties held for sale	6,805,000	8,498,150
Management fee income	1,344,117	1,325,883
Bank interest income	5,638,709	4,936,317
Dividend income - Listed investments	79,957	72,914
Construction supervision fee income	173,400	405,630
	19,716,714	19,937,658

3. SEGMENT INFORMATION

The principal activities of the Group include those relating to investment holding, property development, investment and management in Hong Kong. There is no other significant identifiable separate business. In accordance with the Group's internal financial reporting provided to the chief operating decision-maker for the purpose of allocating resources, assessing performance of the operating segments and making strategic decision, the reportable operating segments are property development, investment and management and investments.

Segment assets consist of investment properties, available-for-sale financial assets, financial assets at fair value through profit or loss, receivables, completed properties held for sale and cash and bank balances and exclude items such as tax recoverable and deferred income tax assets. Segment liabilities comprise operating liabilities and exclude items such as tax payable and unpaid dividend.

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

	Property development, investment and management HK\$	Investments HK\$	Total HK\$
Year ended 31st March 2014			
Revenues	14,928,427	5,009,231	19,937,658
Segment results	9,663,102	5,945,383	15,608,485
Unallocated costs			(5,691,732)
Operating profit			9,916,753
Share of profits less losses of associated companies	36,208,134	-	36,208,134
Profit before income tax			46,124,887
Income tax expenses			(994,354)
Profit attributable to equity holders of the Company			45,130,533
Segment assets	116,396,828	362,599,150	478,995,978
Associated companies	690,010,750	-	690,010,750
Unallocated assets			781,828
Total assets			1,169,788,556
Segment liabilities	11,330,835	-	11,330,835
Unallocated liabilities			2,110,909
Total liabilities			13,441,744
Changes in fair value of investment properties	(2,100,000)	-	(2,100,000)

4. OTHER GAINS/ (LOSSES), NET

	2015	2014
	HK\$	HK\$
Net exchange gains/(losses)	143,508	(123,773)
Sundries	84,424	20,878
	<u>227,932</u>	<u>(102,895)</u>

5. EXPENSES BY NATURE

	2015	2014
	HK\$	HK\$
Direct outgoings in relation to properties that generate income		
Investment properties	200,014	182,552
Other properties	212,588	211,033
	<u>412,602</u>	<u>393,585</u>
Cost of sales of completed properties	<u>404,950</u>	<u>954,460</u>
Staff costs (including Directors' remuneration)		
Salaries and other emoluments	6,056,889	5,834,669
Contributions to retirement schemes	336,401	300,746
	<u>6,393,290</u>	<u>6,135,415</u>
Other operating expenses		
Auditor's remuneration		
Audit fees	509,200	501,300
Non-audit fees	158,900	158,900
Others	693,222	734,275
	<u>1,361,322</u>	<u>1,394,475</u>

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year.

	2015	2014
	HK\$	HK\$
Hong Kong profits tax		
Provision for the year	(1,217,851)	(1,439,584)
Deferred income tax	331,855	445,230
	<u>(885,996)</u>	<u>(994,354)</u>
	<u><u>(885,996)</u></u>	<u><u>(994,354)</u></u>

7. DIVIDENDS

	2015	2014
	HK\$	HK\$
Interim dividend paid of HK11 cents (2014: HK11 cents) per share	13,305,600	13,305,600
Proposed final dividend of HK11 cents (2014: HK11 cents) per share	13,305,600	13,305,600
Proposed special dividend of HK14 cents (2014: HK12 cents) per share	16,934,400	14,515,200
	<u>43,545,600</u>	<u>41,126,400</u>
	<u><u>43,545,600</u></u>	<u><u>41,126,400</u></u>

At the Board meeting held on Monday, 29th June 2015, the Board of Directors proposed a final dividend of HK11 cents per share and a special dividend of HK14 cents per share. These proposed dividends will be accounted for as an appropriation of retained profits for the year ending 31st March 2016.

8. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2015 HK\$	2014 HK\$
Profit attributable to equity holders of the Company	78,446,909	45,130,533
Weighted average number of ordinary shares in issue	120,960,000	120,960,000
Earnings per share (Basic and diluted)	0.65	0.37

The Company has no dilutive potential ordinary shares.

9. TRADE AND OTHER RECEIVABLES

	2015 HK\$	2014 HK\$
Trade receivables		
Within 3 months	245,455	385,416
Other receivables	964,965	698,637
Prepayments and utility deposits	233,656	241,465
	1,444,076	1,325,518

Notes:

- (a) Trade receivables represent rental and management fee receivables. Rental is normally due for payment upon presentation of debit note at the beginning of each rental period (normally on a monthly basis). The trade receivables are generally fully covered by the rental deposits from corresponding tenants. Management fee is normally due for payment upon presentation of debit note at the end of each month. The above ageing analysis is based on the debit note date.

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

- (b) As at 31st March 2015, trade receivables of HK\$245,455 (2014: HK\$385,416) were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default.
- (c) At 31st March 2015, there are no trade receivables of the Group individually determined to be impaired (2014: nil).

10. TRADE AND OTHER PAYABLES

	2015	2014
	HK\$	HK\$
Trade payables		
Within 3 months	2,500	25,323
Other payables	1,622,541	1,513,098
Rental and utility deposits received	1,178,925	1,149,762
Accrued expenses	730,472	728,304
Deposit received	688,000	-
	4,222,438	3,416,487

DIVIDENDS

The Directors recommend the payment of a final dividend of HK11 cents (2014: HK11 cents) per share and a special dividend of HK14 cents (2014: HK12 cents) per share for the year ended 31st March 2015. Together with the interim dividend of HK11 cents (2014: HK11 cents) per share, total dividends for the year amount to HK36 cents (2014: HK34 cents) per share. Subject to the approval of the shareholders of the Company at the forthcoming annual general meeting, the proposed final and special dividends totalling HK25 cents per share will be payable on Friday, 18th September 2015 to the shareholders whose names appear on the Register of Members of the Company on Friday, 11th September 2015.

CLOSURE OF REGISTER OF MEMBERS

The Transfer Books and Register of Members of the Company will be closed from Monday, 7th September 2015 to Friday, 11th September 2015, both days inclusive, during which period no transfer of shares will be registered.

To qualify for the above-mentioned dividends, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Hongkong Managers and Secretaries Limited at Units 1607-8, 16th Floor, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong not later than 4:00 p.m. on Friday, 4th September 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Group's revenues for the year ended 31st March 2015 amounted to HK\$19.7 million, a slight decrease of about 1.1% from the previous year. The improvements of both the rental income and interest income for HK\$1.0 million and HK\$0.7 million respectively were eroded by the decrease in sales of the Group's properties held for sale of HK\$1.7 million.

For the year under review, the Group's profit attributable to equity holders was HK\$78.4 million, representing an increase of about 73.8% from 2014. Amongst these, HK\$61.0 million (2014: HK\$36.2 million) were ascribed to the Group's share of the results of its associated companies. Earnings per share was HK\$0.65 as compared with HK\$0.37 last year. Excluding the fair value gains arising from revaluations of the Group's and its associated companies' investment properties, the after-tax profit was better than that of last year by HK\$6.4 million. This was mainly attributable to the greater profits from the sales of the Group's and its associated companies' properties for HK\$6.0 million. The better contributions from the Rental Business for HK\$0.9 million coupled with the greater interest income of HK\$0.7 million were however offset by the reduction of contributions from the Group's investment portfolio for HK\$1.2 million.

BUSINESS REVIEW

Property Development, Investment and Management

During the year under review, the performance of the Rental Business of the Group and its associated companies was satisfactory. Benefiting from the better rental rates, the contributions to the after-tax profit were HK\$0.9 million higher than that of last year.

During the year under review, the Group and an associated company had disposed of certain properties. The Group had disposed of its interests in 2 industrial units and 3 carparks in Tuen Mun and the after-tax profit was HK\$5.3 million. Further, an associated company had disposed of 6 industrial units in Tsing Yi and the Group's share of after-tax profit was HK\$10.1 million.

Subsequent to the financial year end, as mentioned in the announcement made by the Company on 14th April 2015, the Group had entered into an agreement with an independent third party to acquire a residential property in Stanley for investment purpose and the acquisition is expected to be completed in October this year. The Group had also entered into agreements to dispose of 1 industrial unit in Fanling and its interests in 6 industrial units and 8 carparks in Tuen Mun. The aggregate after-tax profits from these disposals would be around HK\$14.9 million. Moreover, two associated companies had entered into agreements to dispose of 1 residential unit together with 1 carpark in The Peak and 1 industrial unit in Tsing Yi respectively. These disposals would contribute about HK\$5.2 million to the net profit of the Group.

Apart from the aforesaid, the Group did not acquire or dispose of any property during the year under review and up to the date of this report.

Investments

During the year under review, the contribution from the Group's investment portfolio was lower than that of last year by HK\$1.2 million.

The Group benefited from the short-term surge in RMB deposit rates and an increase in interest income of HK\$0.7 million was recorded. Besides, the exchange gains reported for the current year were HK\$0.3 million higher than that of last year.

PROSPECTS

In the United States, the Federal Reserve had ended its quantitative easing measures. This, coupled with the quantitative easing measures adopted in the Eurozone and Japan, resulted in a strong US\$ against other major currencies. Various countries, depending on their respective specific economic fundamentals, had implemented their respective measures to cope with this situation. The end results of these different measures were difficult to predict. The newly published US data and speeches of the Federal Reserve officials give a strong inclination that the interest rates would be raised in the third Quarter this year. Politically, the relationship between Russia and western countries became tense since the outbreak of the conflicts in Ukraine. In China, while the pace of economic development would be slower in the process of economic reforms and structural organization adjustment, the Central Government needs to spare time to handle the controversies of the sovereignty in the South China Sea. All these had cast uncertainties on the global economy.

For the year under review, the local economy was stable. The year-on-year GDP growth improved from 4.8% in the 4th Quarter 2014 to 6.7% in the 1st Quarter 2015. The seasonally adjusted unemployment rate stood at 3.2% for the latest quarter. The inflation as reflected by the Consumer Price Index for April 2015 stood at a relatively stable level of 2.8%. However, a downside trend in the total exports seemed to have been established since September 2014. The retail sales, no matter caused by the change in spending pattern of the visitors from China or strong HK\$ as a result of strong US\$, had weakened for a certain period of time. More vacant shops in traditional tourist districts were observed. Recently, the demand for small residential units was rising and hence the average selling prices of residential units escalated again. Increasing land supply may be the ultimate solution to the current unbalanced market position.

There may be uncertainties in the global economy as the outcome of the various measures implemented by different countries is unpredictable. The Group will continue to focus on its property-related businesses and pursue its prudent policy to ensure adequate resources to meet with the uncertainties and challenges ahead.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31st March 2015, the Group had less than twenty employees and their remuneration are maintained at competitive levels. Total staff costs (including Directors' remuneration) amounted to HK\$6.4 million (2014: HK\$6.1 million). Remuneration policies are reviewed regularly by the Board and by the Remuneration Committee regarding Directors and senior management. Employees' salaries are determined on performance basis with reference to the market trend. In addition, discretionary bonuses are granted to eligible employees with reference to the Group's results and individual performance. Other benefits include education subsidies, medical and retirement benefits.

LIQUIDITY AND FINANCIAL RESOURCES

The Group is virtually debt-free and generally finances its operations with internally generated cash flows. The Group's cash and cash equivalents amounted to HK\$363.5 million at 31st March 2015. The Board believes that the Group has sufficient financial resources for its operations. The Group has no material exposure to foreign exchange rate fluctuation and material contingent liabilities.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain high standards of corporate governance. During the year ended 31st March 2015, save as disclosed in the Company's interim report for the six months ended 30th September 2014 regarding the deviations from the code provisions A.2.1 and A.4.1 of the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), the Company has complied with the code provisions set out in the CG Code.

The Company has adopted the Model Code for Securities Transactions by Directors (the “Model Code”) set out in Appendix 10 to the Listing Rules as its Code of Conduct for dealing in securities of the Company by the Directors. All Directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the year.

The Company has received from each of the Independent Non-executive Directors a written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the Independent Non-executive Directors are independent.

Details of the principal corporate governance practices as adopted by the Company and of the deviations from the code provisions A.2.1 and A.4.1 of the CG Code will be set out in the Corporate Governance Report contained in the Company’s 2015 Annual Report.

AUDIT COMMITTEE

The Audit Committee of the Company has been established since 1998. As at the date hereof, the Audit Committee consists of the three Independent Non-executive Directors, namely Messrs Lam Hon Keung, Keith (*Chairman*), Chan Woon Kong and Au-Yang Cheong Yan, Peter and the two Non-executive Directors, namely Messrs John Ho and Ng Kwok Tung, with written terms of reference in compliance with the Listing Rules. The Audit Committee of the Company has reviewed the annual results of the Company for the year ended 31st March 2015. The figures in respect of the preliminary announcement of the Group’s results for the year ended 31st March 2015 have been agreed by the Company’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s issued shares during the year.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is available for viewing on the respective websites of the Stock Exchange and the Company. The Annual Report of the Company for the year ended 31st March 2015 will be published and dispatched to the shareholders of the Company in late July 2015.

ANNUAL GENERAL MEETING AND RELEVANT NOTICE

It is proposed that the 2015 Annual General Meeting of the Company will be held on Tuesday, 1st September 2015 at 11:30 a.m.. Notice of the Annual General Meeting of the Company will be published and dispatched to the shareholders of the Company in late July 2015.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 27th August, 2015 to Tuesday, 1st September 2015, both days inclusive, during which period no transfer of shares will be registered. In order to determine the entitlement to attend and vote at the 2015 Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Hongkong Managers and Secretaries Limited at Units 1607-8, 16th Floor, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong not later than 4:00 p.m. on Wednesday, 26th August 2015.

BOARD OF DIRECTORS

As at the date of this announcement, the Board of Directors of the Company comprises Messrs Cheung Kee Wee, Cheung Lin Wee and Cheung Ying Wai, Eric as Executive Directors, Messrs John Ho and Ng Kwok Tung as Non-executive Directors and Messrs Lam Hon Keung, Keith, Chan Woon Kong and Au-Yang Cheong Yan, Peter as Independent Non-executive Directors.

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

Hong Kong, 29th June 2015