華厦置業有限公司
WAH HA REALTY COMPANY LIMITED

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

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2010

The Board of Directors of Wah Ha Realty Company Limited (the "Company") announces that the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") and its associated companies for the six months ended 30th September 2010, with comparative figures of the previous period, are as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2010

	Note	Six months ended 30th September 2010 HK$	2009 HK$ (Restated)
Revenues	2	**6,454,152**	5,120,851
Changes in fair value of investment properties		**16,340,000**	6,650,000
Net fair value gains on financial assets at fair value through profit or loss		**11,912,812**	38,222,512
Fair value (losses)/gains on derivative financial instruments		**(4,049,136)**	1,830,946
Other gains/(losses) – net	3	**431,491**	(3,391)
Direct outgoings in relation to properties that generate income		**(662,138)**	(274,307)
Cost of completed properties sold		**(232,350)**	-
Staff costs		**(1,966,912)**	(1,921,829)
Other operating expenses		**(615,274)**	(611,244)
Operating profit		**27,612,645**	49,013,538
Share of profits less losses of associated companies (including share of fair value gain on investment properties net of related tax of HK$57,575,150 (2009: HK$23,301,769))		**67,647,485**	33,975,017
Profit before income tax		**95,260,130**	82,988,555
Income tax expense	4	**(4,179,905)**	(7,149,867)
Profit and total comprehensive income attributable to equity holders of the Company		**91,080,225**	75,838,688
Earnings per share (Basic and diluted)	5	**75.3 cents**	62.7 cents
Dividends	6	**6,048,000**	3,628,800

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30TH SEPTEMBER 2010

	Note	**30th September 2010 HK$**	**31st March 2010** HK$ (Restated)
ASSETS			
Non-current assets			
Investment properties		**59,200,000**	64,700,000
Investments in associated companies		**419,824,658**	352,622,173
Amounts due from associated companies		**48,966,429**	53,891,429
Available-for-sale financial assets		**250,448**	250,448
Deferred income tax assets		**829**	859
		528,242,364	471,464,909
Current assets			
Completed properties held for sale		**6,524,147**	6,754,397
Amounts due from associated companies		**41,642,496**	45,056,218
Trade and other receivables	7	**1,837,283**	1,276,082
Tax recoverable		**-**	4,923
Short-term investments		**87,830,143**	75,917,332
Cash and cash equivalents		**243,788,435**	230,891,825
		381,622,504	359,900,777
Assets held for sale		**21,840,000**	-
		403,462,504	359,900,777
Total assets		**931,704,868**	831,365,686
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**78,624,000**	78,624,000
Retained profits			
- Interim dividend		**6,048,000**	-
- Proposed final dividend		**-**	8,467,200
- Others		**791,379,175**	706,346,950
Total equity		**876,051,175**	793,438,150
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**12,566,971**	8,615,252
Current liabilities			
Amounts due to associated companies		**33,040,408**	26,869,608
Trade and other payables	8	**5,164,646**	2,378,461
Derivative financial instruments		**4,625,194**	-
Tax payable		**256,474**	64,215
		43,086,722	29,312,284
Total liabilities		**55,653,693**	37,927,536
Total equity and liabilities		**931,704,868**	831,365,686
Net current assets		**360,375,782**	330,588,493
Total assets less current liabilities		**888,618,146**	802,053,402

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and investment properties, which are carried at fair value, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31st March 2010 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The accounting policies and methods of computation applied in the preparation of the interim financial statements are consistent with those applied in the annual financial statements for the year ended 31st March 2010, except as stated below.

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

HKFRS 3 (Revised)	Business Combinations
HKFRS 8 (Amendment)	Operating Segments
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) - Int 18	Transfers of Assets from Customers
HKAS 7 (Amendment)	Statement of Cash Flows
HKAS 17 (Amendment)	Leases
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 36 (Amendment)	Impairment of Assets
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement

The Group has assessed the impact of the adoption of these revised standards, amendments and interpretations and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the financial statements except for the amendment to HKAS 17.

The amendment to HKAS 17 requires the land element of a property lease to be classified as a finance lease rather than an operating lease if it transfers substantially all the risks and rewards of ownership. The previous guidance stated that the land element of a property lease would normally be classified as an operating lease unless title to the land was expected to pass to lessee at the end of the lease term.

In prior years, the Group's long-term leases of the land in Hong Kong were accounted for as operating leases and included under the completed properties held for sale and were amortised over the lease period on a straight line basis. Upon the adoption of this amendment, the Group has reassessed all its long-term leases of the land in Hong Kong and considers they are finance leases. As such, the Group's long-term leases of the land now follow the accounting policy for completed properties held for sale under HKAS 2 "Inventories" and are carried at the lower of cost or net realisable value. This represents a change in the accounting policy which is applied retrospectively.

The condensed consolidated balance sheets at 31st March 2009 and 2010 and the condensed consolidated statement of comprehensive income for the period ended 30th September 2009 have been restated to reflect the effect of adoption of this amendment to HKAS 17 which are presented as follows:

Increase/(decrease)	31st March 2010 HK$	31st March 2009 HK$
Condensed consolidated balance sheet		
Assets		
Investments in associated companies	8,476,896	7,968,044
Deferred income tax assets	(154,853)	(150,041)
Completed properties held for sale	1,156,173	1,120,959
Less:		
Liabilities		
Deferred income tax liabilities	35,914	34,916
	9,442,302	8,904,046
Equity		
Retained profits	9,442,302	8,904,046

	Six months ended 30th September 2009 HK$
Condensed consolidated statement of comprehensive income	
Decrease in direct outgoings in relation to properties that generate income	24,354
Increase in share of profits less losses of associated companies	257,296
Increase in income tax expense	(4,019)
Increase in profit and total comprehensive income attributable to equity holders of the Company	277,631

2. REVENUES AND SEGMENTAL INFORMATION

The principal activities of the Group include those relating to investment holding, property 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 investment and management and investments.

Segment assets consist of investment properties, short-term investments, receivables and completed properties held for sale and exclude items such as cash and cash equivalents, tax recoverable and deferred income tax assets. Segment liabilities comprise operating liabilities and exclude items such as tax payable and deferred income tax liabilities.

Revenues represent turnover recognised during the period and comprise the following:

	Six months ended 30th September	
	2010	2009
	HK$	HK$
Rental income	**1,866,804**	1,546,731
Sales of completed properties held for sale	**1,094,000**	-
Management fee income	**554,546**	588,653
Interest income	**427,144**	729,403
Dividend income		
Listed investments	**2,300,958**	2,105,550
Unlisted investments	**-**	14
Construction supervision fee income	**210,700**	150,500
	6,454,152	5,120,851

The segment results for the six months ended 30th September 2010 are as follows:

	Property investment and management HK$	Investments HK$	Total HK$
Revenues	**3,726,050**	**2,728,102**	**6,454,152**
Segment results	**18,493,608**	**11,020,408**	**29,514,016**
Unallocated costs			**(1,901,371)**
Operating profit			**27,612,645**
Share of profits less losses of associated companies	**67,647,485**	**-**	**67,647,485**
Profit before income tax			**95,260,130**
Income tax expense			**(4,179,905)**
Profit attributable to the equity holders of the Company			**91,080,225**
Changes in fair value of investment properties	**16,340,000**	**-**	**16,340,000**

The segment assets and liabilities at 30th September 2010 are as follows:

	Property investment and management HK$	Investments HK$	Total HK$
Segment assets	**179,977,630**	**88,113,316**	**268,090,946**
Associated companies	**419,824,658**	**-**	**419,824,658**
Unallocated assets			**243,789,264**
Total assets			**931,704,868**
Segment liabilities	**37,956,400**	**4,625,194**	**42,581,594**
Unallocated liabilities			**13,072,099**
Total liabilities			**55,653,693**

The segment results for the six months ended 30th September 2009 are as follows:

	Property investment and management HK$ (Restated)	Investments HK$	Total HK$ (Restated)
Revenues	2,285,884	2,834,967	5,120,851
Segment results	7,990,080	42,885,034	50,875,114
Unallocated costs			(1,861,576)
Operating profit			49,013,538
Share of profits less losses of associated companies	33,975,017	-	33,975,017
Profit before income tax			82,988,555
Income tax expense			(7,149,867)
Profit attributable to the equity holders of the Company			75,838,688
Changes in fair value of investment properties	6,650,000	-	6,650,000

The segment assets and liabilities at 31st March 2010 are as follows:

	Property investment and management HK$ (Restated)	Investments HK$	Total HK$ (Restated)
Segment assets	171,776,811	76,069,095	247,845,906
Associated companies	352,622,173	-	352,622,173
Unallocated assets			230,897,607
Total assets			831,365,686
Segment liabilities	29,033,119	-	29,033,119
Unallocated liabilities			8,894,417
Total liabilities			37,927,536

3. OTHER GAINS/(LOSSES) – NET

	Six months ended 30th September 2010 HK$	2009 HK$
Net exchange gains/(losses)	**428,630**	(3,391)
Sundries	**2,861**	-
	431,491	(3,391)

4. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the Group's estimated assessable profit for the period.

	Six months ended 30th September 2010 HK$	2009 HK$ (Restated)
Hong Kong profits tax		
Provision for the period	**228,156**	88,003
Over-provision in prior years	**-**	(352,786)
Deferred income tax	**3,951,749**	7,414,650
	4,179,905	7,149,867

5. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the profit attributable to equity holders of the Company of HK$91,080,225 (2009: HK$75,838,688 (restated)) and on 120,960,000 shares (2009: 120,960,000 shares) in issue during the period. The diluted earnings per share equals to the basic earnings per share since there are no dilutive potential shares in issue during both periods.

6. DIVIDENDS

	Six months ended 30th September 2010 HK$	2009 HK$
Interim dividend declared of HK5 cents (2009: HK3 cents) per share	**6,048,000**	3,628,800

The Board of Directors has resolved to declare an interim dividend of HK5 cents per share for the six months ended 30th September 2010 (2009: HK3 cents) payable on Monday, 24th January 2011 to equity holders whose names appear on the Register of Members of the Company on Monday, 10th January 2011.

7. TRADE AND OTHER RECEIVABLES

	30th September 2010 HK$	31st March 2010 HK$
Trade receivables		
Within 3 months	**507,476**	381,181
Between 4 and 6 months	**43,687**	52,470
Over 6 months	**479,831**	466,810
	1,030,994	900,461
Other receivables	**680,862**	162,565
Prepayments and utility deposits	**125,427**	213,056
	1,837,283	1,276,082

Trade receivables represent rental and management fee receivables which are normally due for payment upon presentation of debit note at the beginning of each rental period (normally on a monthly basis).

8. TRADE AND OTHER PAYABLES

	30th September 2010 HK$	31st March 2010 HK$
Trade payables		
Within 90 days	**166,327**	334
Over 90 days	**600**	-
	166,927	334
Other payables	**997,650**	1,039,394
Amount due to a related company	**2,100**	2,100
Rental, utility and sales deposits received	**3,061,374**	789,373
Accrued expenses	**936,595**	547,260
	5,164,646	2,378,461

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK5 cents per share for the six months ended 30th September 2010 (2009: HK3 cents) payable on Monday, 24th January 2011 to equity holders whose names appear on the Register of Members of the Company on Monday, 10th January 2011.

CLOSURE OF REGISTER OF MEMBERS

The Transfer Books and Register of Members of the Company will be closed from Tuesday, 4th January 2011 to Monday, 10th January 2011, both days inclusive, during which period no transfer of shares will be registered.

To qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Hongkong Managers and Secretaries Limited at Unit 3401-2, 34th Floor, AIA Tower, 183 Electric Road, North Point, Hong Kong not later than 4:00 p.m. on Monday, 3rd January 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the period under review, the Group's unaudited profit attributable to equity holders amounted to HK$91.1 million, representing an increase of about 20.1% from the corresponding period in 2009. This moderate growth was mainly attributable to the enormous increase in fair value gains net of deferred taxation from the Group's and its associated companies' investment properties for HK$42.4 million being partly offset by the great drop in after-tax profits of HK$27.2 million from the Group's investment portfolio. Excluding these effects, the Group's profit attributable to equity holders was similar to that of the corresponding period in last year.

BUSINESS REVIEW

Property Investment and Management

During the period under review, the performance of the Group's Rental Business was adversely affected by the casual vacancies as a result of the moving out of certain tenants. Its contribution to the Group's after-tax profit had dropped by approximately HK$0.9 million.

As reported in the 2010 Annual Report, a wholly owned subsidiary and an associated company had disposed of their respective interests in several units in Tuen Mun and one industrial unit in Fanling. The after-tax profit derived therefrom was about HK$1.0 million. The sale of a whole industrial building in Fanling by an associated company was completed in mid-October. Furthermore, the sale of a factory flat at Quarry Bay as previously announced was also completed by the end of October.

Investments

Last year, the Group's Investment Business had recorded an abnormally high profit resulted from the surge of share prices after the financial tsunami. For the period under review, the after-tax profit from the Group's investment portfolio was HK$8.8 million compared with HK$35.7 million last year. The Group still suffered from the low interest rate environment and a reduction of interest income of HK$0.3 million was reported.

PROSPECTS

For the period under review, persistent improvements were seen in the local economy. Although remarkable economic figures as a result of low comparison base no longer existed, ongoing improvements were observed in the 3rd Quarter. Year-on-year Quarterly GDP growth rose again from 6.5% in the 2nd Quarter to 6.8% in the 3rd Quarter. The year-on-year private consumption expenditure also grew from 4.4% in the 2nd Quarter to 5.7% in the 3rd Quarter. The seasonally adjusted unemployment rate stood at 4.2% which was the lowest since the financial tsunami.

The quantitative easing monetary measures adopted by the governments of various major economies did not have sustainable effects on economic recovery. Unemployment rates in Europe and the United States remain high and consumers' confidence has not been restored. Whilst the EU countries are reluctant to further expand the scale of such measures, the US Federal Reserve has just announced another round of quantitative easing monetary measures to pump more liquidity into the market. Most commentators are of the opinion that mere reliance on monetary policy will not bring along real economic growth. Instead, the flooding of funds may spread throughout the world. In particular, those countries that have better economic growth may be affected adversely. Assets prices will undoubtedly surge as a result of the continuous influx of funds. This may finally lead to inflation being imported from the United States. Many countries in the Asia Pacific such as South Korea, Australia, India and China have taken steps to counter the enormous inflow of funds. Raising interest rates and foreign exchange control are largely adopted in this regard.

The close integration and proximity with China keeps Hong Kong in an advantageous position to face the challenges ahead. Hong Kong is in the forefront in gradual internationalization of Renminbi. Most enterprises wishing to conduct business with China need to have establishments in Hong Kong and therefore the retail and property markets will undoubtedly be benefited. It is anticipated that the low interest rate environment will persist for a considerable period. The resulting upward momentum will be in favour of the Group's core property-related businesses. However, the negative impact as a result of the Chinese Government's raising the interest rates and monitoring the surge of property prices to curb against inflation should not be overlooked. With its concern over surging property prices, the Hong Kong Government has implemented series of measures to improve the transparency and suppress speculations in property market. Therefore, while we are optimistic about the economic prospect in Hong Kong, the Group will continue to maintain adequate financial resources to tackle new challenges so as to safeguard the interest of shareholders.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30th September 2010, the Group had less than twenty employees and their remuneration is maintained at competitive levels. Total staff costs (including Directors' remuneration) amounted to HK$2.0 million (2009: HK$1.9 million). Remuneration policies are reviewed regularly by the Board and by the Remuneration Committee regarding Directors and senior management. Employees' salaries are determined on performance basis with reference to the market trend. In addition, discretionary bonuses are granted to eligible employees by reference to the Group's results and individual performance. Other benefits include education subsidies, medical and retirement benefits.

LIQUIDITY AND FINANCIAL RESOURCES

The Group is virtually debt-free and generally finances its operations with internally generated cash flows. The Group's cash and cash equivalents amounted to HK$243.8 million at 30th September 2010. 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

In the opinion of the Directors, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code Provision(s)") 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") throughout the six months ended 30th September 2010, except for the following deviations:-

1. Under the Code Provision A.2.1, the roles of the Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. Mr. Cheung Kee Wee is the Chairman of the Board and there is not a post of CEO in the Company. The roles of the CEO are performed by all the Executive Directors with clear division of responsibilities under the leadership of the Chairman. The Board considers that this arrangement allows contributions from all Executive Directors with different expertise and can ensure the balance of power and authority between the Board and the management of the Group. The Board therefore believes that this structure can enable the Group to make and implement decisions promptly and efficiently and is beneficial to the business prospect of the Group.

2. Under the Code Provision A.4.1, Non-executive Directors should be appointed for a specific term and subject to re-election. All the five Non-executive Directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company ("AGM") in accordance with Article 103(A) of the Company's Articles of Association. There are eight Directors including five Non-executive Directors of the Company for the time being. As one-third of them shall retire from office by rotation at each AGM, each of them shall retire at least once every three years.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 standard set out in the Model Code throughout the six months ended 30th September 2010.

AUDIT COMMITTEE

The Audit Committee consists of the three Independent Non-executive Directors, namely Messrs Lam Hon Keung, Keith (Chairman), Chan Woon Kong and Soo Hung Leung, Lincoln and the two Non-executive Directors, namely Messrs John Ho and Ng Kwok Tung. The Group's interim results for the six months ended 30th September 2010 have been reviewed by the Audit Committee of the Company and by the Company's Auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has no reservation on the accounting treatments adopted by the Group.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

INTERIM REPORT

The interim report of the Company for the six months ended 30th September 2010 will be published and dispatched to the equity holders of the Company in mid December 2010.

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 Soo Hung Leung, Lincoln as Independent Non-executive Directors.

By Order of the Board
Raymond W M Chu
Company Secretary

Hong Kong, 26th November 2010