



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 2013**

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 2013, with comparative figures of the previous period, are as follows:

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2013**

		Six months ended 30th September	
	Note	2013 HK\$	2012 HK\$
Revenues	2	13,141,113	6,009,718
Changes in fair value of investment properties		-	1,300,000
Net fair value gains on financial assets at fair value through profit or loss		94,502	331,164
Other gains/(losses), net	3	883,460	(1,162)
Direct outgoings in relation to properties that generate income		(180,986)	(257,500)
Cost of sales of completed properties		(910,010)	-
Staff costs		(2,768,666)	(2,607,927)
Other operating expenses		(739,305)	(701,052)
Operating profit		9,520,108	4,073,241
Share of profits less losses of associated companies (including share of fair value gain on investment properties of HK\$16,250,000 (2012: HK\$48,500,000))		30,759,699	59,666,419
Profit before income tax		40,279,807	63,739,660
Income tax (expense)/credit	4	(1,046,567)	78,689
Profit and total comprehensive income attributable to equity holders of the Company		39,233,240	63,818,349
Earnings per share (Basic and diluted)	5	0.32	0.53
Dividends	6	13,305,600	13,305,600

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET  
AS AT 30TH SEPTEMBER 2013**

	Note	<b>30th September 2013 HK\$</b>	31st March 2013 HK\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties		<b>68,000,000</b>	68,000,000
Investments in associated companies		<b>691,962,315</b>	678,561,246
Amounts due from associated companies		<b>7,090,179</b>	9,636,681
Available-for-sale financial assets		<b>250,448</b>	250,448
Deferred income tax assets		<b>507,370</b>	317,546
		<hr/> <b>767,810,312</b> <hr/>	<hr/> 756,765,921 <hr/>
<b>Current assets</b>			
Completed properties held for sale		<b>5,657,489</b>	6,497,015
Amounts due from associated companies		<b>40,735,696</b>	43,660,016
Trade and other receivables	7	<b>1,402,783</b>	1,250,398
Tax recoverable		<b>1,577,039</b>	1,598,374
Financial assets at fair value through profit or loss		<b>3,032,995</b>	2,938,493
Cash and bank balances		<b>357,427,324</b>	357,110,402
		<hr/> <b>409,833,326</b> <hr/>	<hr/> 413,054,698 <hr/>
<b>Total assets</b>		<hr/> <b>1,177,643,638</b> <hr/>	<hr/> 1,169,820,619 <hr/>

	30th September 2013 HK\$	31st March 2013 HK\$
<b>EQUITY</b>		
<b>Capital and reserves attributable to the Company's equity holders</b>		
Share capital	78,624,000	78,624,000
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Retained profits		
- Interim dividend	13,305,600	-
- Proposed dividends	-	29,030,400
- Others	1,071,825,519	1,045,897,879
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	<b>1,085,131,119</b>	1,074,928,279
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<b>Total equity</b>	<b>1,163,755,119</b>	1,153,552,279
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<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Amounts due to associated companies	9,292,373	13,011,614
Trade and other payables	3,379,509	3,218,595
Tax payable	1,216,637	38,131
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<b>Total liabilities</b>	<b>13,888,519</b>	16,268,340
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<b>Total equity and liabilities</b>	<b>1,177,643,638</b>	1,169,820,619
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<b>Net current assets</b>	<b>395,944,807</b>	396,786,358
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<b>Total assets less current liabilities</b>	<b>1,163,755,119</b>	1,153,552,279
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## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 1. BASIS OF PREPARATION

The interim financial information has 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, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31st March 2013 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 information are consistent with those applied in the annual financial statements for the year ended 31st March 2013, except as stated below.

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

HKAS 1 Amendment	Presentation of Items of Other Comprehensive Income
HKAS 19 Amendment	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates, and Joint Ventures
HKFRS 7 Amendment	Disclosures - Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Fourth annual improvement project (2011)	Improvements for HKFRS published in June 2012

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 nor any substantial changes in the Group’s accounting policies and presentation of the financial information, except for additional disclosures as required by HKAS 1 Amendment “Presentation of Items of Other Comprehensive Income” and HKFRS 13 “Fair Value Measurement”.

## 2. REVENUES AND SEGMENTAL 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.

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

	<b>Six months ended 30th September</b>	
	<b>2013</b>	2012
	<b>HK\$</b>	HK\$
Rental income	<b>2,350,403</b>	2,151,633
Sales of completed properties held for sale	<b>7,666,150</b>	-
Management fee income	<b>648,235</b>	645,314
Bank interest income	<b>2,254,232</b>	2,850,730
Dividend income – Listed investments	<b>33,793</b>	30,241
Construction supervision fee income	<b>188,300</b>	331,800
	<b>13,141,113</b>	6,009,718

The segment results for the six months ended 30th September 2013 are as follows:

	<b>Property development, investment and management HK\$</b>	<b>Investments HK\$</b>	<b>Total HK\$</b>
Revenues	<b>10,853,088</b>	<b>2,288,025</b>	<b>13,141,113</b>
Segment results	<b>8,917,022</b>	<b>3,265,841</b>	<b>12,182,863</b>
Unallocated costs			<b>(2,662,755)</b>
Operating profit			<b>9,520,108</b>
Share of profits less losses of associated companies	<b>30,759,699</b>	-	<b>30,759,699</b>
Profit before income tax			<b>40,279,807</b>
Income tax expense			<b>(1,046,567)</b>
Profit attributable to the equity holders of the Company			<b>39,233,240</b>
Changes in fair value of investment properties	-	-	-

The segment assets and liabilities at 30th September 2013 are as follows:

	<b>Property development, investment and management HK\$</b>	<b>Investments HK\$</b>	<b>Total HK\$</b>
Segment assets	<b>122,446,652</b>	<b>361,150,262</b>	<b>483,596,914</b>
Associated companies	<b>691,962,315</b>	-	<b>691,962,315</b>
Unallocated assets			<b>2,084,409</b>
Total assets			<b>1,177,643,638</b>
Segment liabilities	<b>11,971,466</b>	-	<b>11,971,466</b>
Unallocated liabilities			<b>1,917,053</b>
Total liabilities			<b>13,888,519</b>

The segment results for the six months ended 30th September 2012 are as follows:

	Property development, investment and management HK\$	Investments HK\$	Total HK\$
Revenues	3,128,747	2,880,971	6,009,718
Segment results	3,360,077	3,210,974	6,571,051
Unallocated costs			(2,497,810)
Operating profit			4,073,241
Share of profits less losses of associated companies	59,666,419	-	59,666,419
Profit before income tax			63,739,660
Income tax credit			78,689
Profit attributable to the equity holders of the Company			63,818,349
Changes in fair value of investment properties	1,300,000	-	1,300,000

The segment assets and liabilities at 31st March 2013 are as follows:

	Property development, investment and management HK\$	Investments HK\$	Total HK\$
Segment assets	128,813,694	360,529,759	489,343,453
Associated companies	678,561,246	-	678,561,246
Unallocated assets			1,915,920
Total assets			1,169,820,619
Segment liabilities	15,604,351	-	15,604,351
Unallocated liabilities			663,989
Total liabilities			16,268,340

### 3. OTHER GAINS/ (LOSSES), NET

	Six months ended	
	30th September	
	2013	2012
	HK\$	HK\$
Net exchange gains/(losses)	883,314	(1,162)
Sundries	146	-
	<u>883,460</u>	<u>(1,162)</u>

### 4. INCOME TAX (EXPENSE)/ CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the Group's estimated assessable profit for the period.

	Six months ended	
	30th September	
	2013	2012
	HK\$	HK\$
Hong Kong profits tax		
Provision for the period	(1,236,391)	(111,142)
Deferred income tax credit	189,824	189,831
	<u>(1,046,567)</u>	<u>78,689</u>

### 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\$39,233,240 (2012: HK\$63,818,349) and on 120,960,000 shares (2012: 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	
	2013	2012
	HK\$	HK\$
Interim dividend declared of HK11 cents (2012: HK11 cents) per share	<u>13,305,600</u>	<u>13,305,600</u>

The Board of Directors has resolved to declare an interim dividend of HK11 cents per share for the six months ended 30th September 2013 (2012: HK11 cents) payable on Wednesday, 8th January 2014 to equity holders whose names appear on the Register of Members of the Company on Tuesday, 31st December 2013.



## 7. TRADE AND OTHER RECEIVABLES

	<b>30th September 2013 HK\$</b>	31st March 2013 HK\$
Trade receivables		
Within 3 months	<b>286,702</b>	555,220
Other receivables	<b>1,005,370</b>	488,110
Prepayments and utility deposits	<b>110,711</b>	207,068
	<u><b>1,402,783</b></u>	<u>1,250,398</u>

Trade receivables represent rental and management fee receivables. Rental receivable is normally due for payment upon presentation of debit note at the beginning of each rental period (normally on a monthly basis). Management fee receivable is normally due for payment upon presentation of debit note at the end of each month.

## 8. TRADE AND OTHER PAYABLES

	<b>30th September 2013 HK\$</b>	31st March 2013 HK\$
Trade payables		
Within 3 months	<b>1,040</b>	111
Other payables	<b>1,369,097</b>	1,296,067
Rental and utility deposits received	<b>919,519</b>	950,654
Accrued expenses	<b>1,089,853</b>	682,523
Deposit received	-	289,240
	<u><b>3,379,509</b></u>	<u>3,218,595</u>

## INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK11 cents per share for the six months ended 30th September 2013 (2012: HK11 cents) payable on Wednesday, 8th January 2014 to equity holders whose names appear on the Register of Members of the Company on Tuesday, 31st December 2013.

## CLOSURE OF REGISTER OF MEMBERS

The Transfer Books and Register of Members of the Company will be closed from Monday, 23rd December 2013 to Tuesday, 31st December 2013, 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 Units 1607-8, 16th Floor, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong not later than 4:00 p.m. on Friday, 20th December 2013.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL RESULTS**

For the period under review, the Group's unaudited profit attributable to equity holders of the Company amounted to HK\$39.2 million, representing a decrease of about 38.5% from the corresponding period in 2012. Amongst these, HK\$8.4 million came from the Group and HK\$30.8 million was the contribution from the Group's associated companies. The decrease was mainly attributable to the significant reduction in fair value gains from the Group's and its associated companies' investment properties for HK\$33.6 million. Also interest income for the period was HK\$0.6 million lower than that of the corresponding period last year. This unfavourable result was however mitigated by the inclusions of the after-tax profit from sales of the Group's and its associated companies' properties of HK\$8.8 million. Further, the recent appreciation in the exchange rate of RMB/HK\$ resulted in a greater exchange gains of HK\$0.9 million.

### **BUSINESS REVIEW**

#### **Property Development, Investment and Management**

During the period under review, the Group and its associated companies had recorded several disposals of properties. First, the Group had disposed of a unit in Fanling and its interest in four units in Tuen Mun. The after-tax profits ascribed to these disposals were HK\$3.0 million and HK\$2.7 million respectively. Second, an associated company had disposed of three units in Fanling and the Group's share of after-tax profit was HK\$3.1 million.

Even though there was no rental income from the units sold as aforesaid and in last year, our Rental Business still performed well. It benefited from the general increase in rental rate for new and/or renewed tenancies. The aggregate after-tax profit was greater than that of last year by HK\$0.5 million.

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

#### **Investments**

For the period under review, the after-tax profit from the Group's investment portfolio was HK\$0.2 million lower than that of the corresponding period in 2012. Moreover, the stabilization of deposit rates had the effect of limiting the interest income of the Group. A reduction of interest income for HK\$0.6 million was reported. On the other hand, the recent appreciation in exchange rate of RMB/HK\$ had resulted in a better exchange gains of HK\$0.9 million.

### **PROSPECTS**

For the period under review, the local economy was relatively stable. Gentle growths of 4% and 4.2% were observed in the 2nd Quarter GDP and private consumption expenditure respectively. Inflation for the month of September 2013 was 4.6%. Seasonally adjusted unemployment rate was 3.3% for the latest quarter.

Globally, the moderate recovery of the economy of the United States had triggered the Federal Reserve's intention of tapering the quantitative easing measures. This led to the turbulence of the worldwide finance markets. Although the effect diminished following the hesitation signal of the Federal Reserve, the global finance markets are cautious of the possible though not immediate winding up of the quantitative easing measures. In Europe, reduction in interest rate was just announced possibly as pre-cautionary measures against deflation. Again, this is a signal of uncertain economy.

The economy of Mainland China seems to have slowed down and Hong Kong will be negatively affected. It seems that greater intervention of the property markets will be the policy of the Hong Kong Government. This is evidenced by the introduction of various stamp duties aiming to suppress the housing demand and the implementation of Residential Properties (First-hand Sales) Ordinance. This may result in a more instable property market. On the other hand, the local economy is supported by the relatively strong domestic consumptions and tourists spending.

We have seen the problems posed by the uncertainties of the global economy and therefore adequate financial resources should be maintained to face the challenges ahead so as to secure sustainable return to our shareholders.

## **EMPLOYMENT AND REMUNERATION POLICIES**

As at 30th September 2013, the Group had less than twenty employees and their remuneration is maintained at competitive levels. Total staff costs (including Directors' remuneration) amounted to HK\$2.8 million (2012: HK\$2.6 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\$357.4 million at 30th September 2013. 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.

## **CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT**

In the opinion of the Directors, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (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 2013, 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 2013.

## **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 2013 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 2013 will be published and dispatched to the equity holders of the Company in mid December 2013.

## **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, 28th November 2013