



華 厦 置 業 有 限 公 司

WAH HA REALTY COMPANY LIMITED

(Stock Code: 278)

2012 ANNUAL REPORT

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Corporate Information

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Cheung Kee Wee, *BBA, Chairman*

Aged 60. Joined the Group and appointed a director in 1976. Elected Chairman in 2000. Elected as Chairman of the Nomination Committee in March 2012. A director in each of the subsidiaries. Has over 35 years' experience in the property and building construction industry in Hong Kong. Mainly responsible for the management and supervision of the Group's property portfolio. Brother of Messrs Cheung Lin Wee and Cheung Ying Wai, Eric.

Mr. Cheung Lin Wee, *BFin*

Aged 54. Joined the Group and appointed a director in 1985. Appointed a member of the Nomination Committee in March 2012. A director in each of the subsidiaries. Has over 25 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 50. Joined the Group and appointed a director in 1999. A director in each of the subsidiaries. Mainly responsible for the general management of the Group. Brother of Messrs Cheung Kee Wee and Cheung Lin Wee.

Non-executive Directors

Mr. John Ho, *LLB*

Aged 66. Appointed an independent non-executive director in 1994 and re-designated as a non-executive director in 2004. Also appointed a member of the Audit Committee and the Remuneration Committee in 1998 and 2005 respectively. A practising solicitor in Hong Kong. Qualified as a solicitor and joined a major firm of solicitors in 1972. A partner of Messrs John Ho & Tsui. An independent non-executive director of Wong's Kong King International (Holdings) Limited and also CEO and an executive director of China Western Investments PLC., a London listed company.

Mr. Ng Kwok Tung, *LIA (Dip), Chinese Law (Dip), BCom, CPA (Practising), CA, FCPA, ATiHK, MSCA*

Aged 61. Appointed an independent non-executive director in 2001 and re-designated as a non-executive director in 2004. Also appointed a member of the Audit Committee and the Remuneration Committee in 2001 and 2005 respectively. A practising accountant in Hong Kong. A partner of Messrs Tony Kwok Tung Ng & Co.. An independent non-executive director of Fountain Set (Holdings) Limited and Universe International Holdings Limited.

Independent Non-executive Directors

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

Aged 72. Appointed a director in 1993. Also elected as Chairman of the Audit Committee in 1998 and appointed a member of the Remuneration Committee and the Nomination Committee in 2005 and March 2012 respectively. A Committee Member of Far East Exchange Limited (1975-86) and a Council Member of the Stock Exchange of Hong Kong Limited (1987-94). An ex-President of Rotary Club of Hong Kong South (1976-77), an appointed Legislative Councillor in 1984 and a member of the Social Welfare Advisory Committee (2000-06). Active in community and social involvements – Chairman of the Hong Kong Buddhist Hospital, Vice Chairman of the Hong Kong Buddhist Association, etc.. A Fellow of the Hong Kong Institute of Directors and a Fellow of Chartered Management Institute.

Mr. Chan Woon Kong

Aged 78. Appointed a director in 2004. Also appointed a member of the Audit Committee, the Remuneration Committee and the Nomination Committee in 2004, 2005 and March 2012 respectively. Has over 45 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, The Bank of East Asia, Limited and United Commercial Bank. Currently the Senior Vice President of East West Bank in Hong Kong.

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

Aged 67. Appointed a director in 2004. Also appointed a member of the Audit Committee and the Nomination Committee in 2004 and March 2012 respectively and elected as Chairman of the Remuneration Committee in 2005. A stock broker and Chairman of Soo Pei Shao & Co. Ltd., also an independent non-executive director of Wing Lung Bank Limited. A Committee member of the Spastics Association and the Chairman of the English Advisory Committee of Hong Kong Baptist University.

Senior Management

Mr. Chu Wing Man, Raymond, MFin, BBA, LLB, FCPA, FCCA, ACIS, Company Secretary

Aged 50. A professional accountant. Joined the Group and appointed the Company Secretary of the Company in 1998. Has over 25 years' experience in the accounting field.

AUDIT COMMITTEE

Mr. Lam Hon Keung, Keith (*Chairman*)
Mr. John Ho
Mr. Ng Kwok Tung
Mr. Chan Woon Kong
Mr. Soo Hung Leung, Lincoln

REMUNERATION COMMITTEE

Mr. Soo Hung Leung, Lincoln (*Chairman*)
Mr. Lam Hon Keung, Keith
Mr. John Ho
Mr. Ng Kwok Tung
Mr. Chan Woon Kong

NOMINATION COMMITTEE

Mr. Cheung Kee Wee (*Chairman*)
Mr. Cheung Lin Wee
Mr. Lam Hon Keung, Keith
Mr. Chan Woon Kong
Mr. Soo Hung Leung, Lincoln

AUTHORISED REPRESENTATIVES

Mr. Cheung Kee Wee
Mr. Chu Wing Man, Raymond

BANKER

The Bank of East Asia, Limited

AUDITOR

PricewaterhouseCoopers

SHARE REGISTRARS

Hongkong Managers and Secretaries Limited
Unit 3401-2, 34th Floor, AIA Tower
183 Electric Road
North Point
Hong Kong
Telephone: (852) 3528 0290
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REGISTERED OFFICE

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43-59 Queen's Road East
Wanchai
Hong Kong
Telephone: (852) 2527 1821
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STOCK CODES

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

WEBSITE

<http://www.wahha.com>

Group Structure

As at 31st March 2012

	Effective percentage of equity held by the Group	Principal activities
Holding Company		
Wah Ha Realty Company Limited	–	Investment holding
Subsidiaries		
Festigood Company Limited	100	Property development
Galy Property Management Limited	100	Property management
Khanman Property Limited	100	Dormant
Tai Kong Shan Realty Limited	100	Property investment
Tinpoly Realty Limited	100	Property investment
Wah Ha Construction Company Limited	100	Building contractor
Wah Ha Real Estate Agency Limited	100	Property agency
WH Properties Limited	100	Dormant
Associated Companies		
Chase Good Development Limited *	25	Dormant
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
Keneva Company Limited	25	Property development
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	Property development
Sun Prince Godown Limited	50	Property investment
Sun Tai Tsuen Godown Company Limited	50	Property investment
Wah Ha Property Development Limited	50	Property investment

* By a resolution dated 7 March 2012, Chase Good Company Limited commenced deregistration under Section 291AA of the Hong Kong Companies Ordinance.

All companies are incorporated in Hong Kong.

Chairman's Statement

RESULTS

The profit attributable to equity holders of Wah Ha Realty Company Limited (the "Company") for the year ended 31st March 2012 amounted to HK\$119,914,284 (2011: HK\$153,451,359). Earnings per share for the year was HK\$0.99 (2011: HK\$1.27).

DIVIDENDS

The board of directors of the Company (the "Directors") (the "Board") has resolved to recommend a final dividend of HK10 cents (2011: HK8 cents) per share and a special dividend of HK15 cents (2011: HK22 cents) per share for the year ended 31st March 2012 to the shareholders of the Company (the "Shareholders") whose names appear on the Register of Members of the Company on Monday, 17th September 2012. Together with the interim dividend of HK10 cents (2011: HK5 cents) per share, total dividends for the year amount to HK35 cents (2011: HK35 cents) per share.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Group's revenues for the year ended 31st March 2012 amounted to HK\$10.2 million, a decrease of about 4.5% from the previous year. This slight decrease was caused by the decrease in dividend income for HK\$2.3 million following the disposals of the majority of its listed investments last year and the lack of sales of properties held for sale this year (2011: HK\$1.1 million) which were nevertheless offset substantially by the increase in interest income for HK\$2.8 million.

For the year under review, the Group's profit attributable to equity holders was HK\$119.9 million (2011: HK\$153.5 million). Earnings per share was HK\$0.99 as compared with HK\$1.27 last year. Last year, the Group had disposed of the majority of its listed investments. The resulting after-tax gains of HK\$9.6 million no longer existed. The related dividend income from listed investments also dropped significantly for HK\$2.3 million. Further, the Group had recorded a loss of HK\$2.7 million (2011: after-tax profit of HK\$19.6 million) from the sales of the Group and its associated companies' properties. Finally, we still recorded a net increase in the value of the Group's investment properties but the magnitude of this increase was HK\$4.7 million lower than that of last year. The mitigating factors were the improvements in rental business, increases in interest income and exchange gains for HK\$1.9 million, HK\$2.8 million and HK\$0.8 million respectively.

BUSINESS REVIEW

Property Development, Investment and Management

During the year under review, the contribution of the Group's Rental Business to net profit was HK\$1.9 million higher than that of last year which was largely explained by the improving unit rate.

During the year under review, an associated company had disposed of 4 residential units in Fanling at prices below carrying values. The Group's share of loss from these disposals was HK\$2.7 million. Subsequently, the Group had disposed of its entire interests in this associated company.

For the year under review, another associated company had acquired 17 residential units in Yau Ma Tei.

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.

For the year under review, the operating environment of the Group's Property Management Business was more challenging after the introduction of minimum wage in May 2011. Recently, the consultation on the level of minimum wage has just been conducted. The performance of this business was comparable to that of last year after the concerted efforts of our colleagues.

Investments

During the year under review, the Group did not acquire or dispose of any listed investment. Therefore, the related profit on sales of listed investment no longer existed and dividend income was minimal whereas a total after-tax profit of HK\$12.2 million was reported last year.

The interest rates were still at low levels. It seemed that there was no or insignificant room for further reduction. In fact, the interest rates realized by the Group went up during the year under review. The interest income was HK\$2.8 million greater than that of last year.

PROSPECTS

For the year under review, although the local economic fundamentals remained sound, there were weakening signs towards the end of the year. The year-on-year GDP growth slowed down from 5.4% in the 2nd Quarter 2011 to 0.4% in the 1st Quarter 2012. In view of this obvious trend, the Hong Kong Government had revised down its 2012 forecast of GDP growth to 1% – 3%. The adverse impact posed by the high degree of uncertainty in global economy was reflected in the year-on-year change in the volume of total exports of goods for March 2012. A decrease of 11.1% was reported. It seemed that the unfavourable export figures had not yet spread over to other sectors of the local economy. The 1st Quarter 2012 private consumption expenditure grew by 5.6% which was moderating from 6.6% in the 4th Quarter 2011. The seasonally adjusted unemployment rate was 3.2% in the latest quarter, indicating an almost full employment position. The nominal labour wages grew by 9.4% in 2011, possibly due to the introduction of minimum wage in May 2011. The inflationary pressure was also eased as reflected by the Consumer Price Index having dropped from the highest of 7.9% in July 2011 to 4.7% in April 2012.

Following the downgrade of the sovereignty credit rating, there have once been signs of better than expected recovery in the United States. The Federal Reserve has the intention of keeping the current low interest rates until late 2014 and operation twist will be in force until the end of 2012. The unemployment rate dropped from the higher than 9% to the current 8.2%. However, the foundation of this improvement was not solid. There are voices from the market that the Federal Reserve should carry out another round of quantitative easing measures to boost the economic recovery. The lingering sovereignty debt crisis in the Eurozone has caused the changes in ruling parties in certain EU countries, such as Spain, France and Greece. The strategy advocated by Germany is challenged by the new ruling parties in these EU countries. The end result may be a more expansionary monetary policy which may lead to a better economic growth but greater national debts. Again, it is cautious that asset bubbles may be caused by the flooding of liquidity as a result of the quantitative easing measures adopted by the United States and Eurozone countries.

China recorded a 9.2% GDP growth last year. However, the exports to the United States and Europe are adversely affected by their respective weak economies. For the first time in eight years, the Central Government has announced the future economic growth forecast of below 8%. The economic growth will shift from driven by export and investment to domestic demand oriented. In order to provide a solid base for economic growth, The People's Bank of China has taken a series of steps including lowering the banks' reserve requirements and interest rates to face this unfavourable position. There are opinions that the Central Government's acts may help in stabilizing the global economy.

Chairman's Statement *(CONTINUED)*

PROSPECTS *(Continued)*

Hong Kong is not immune from the increasing external uncertainties. Similar to China, its exports showed a negative growth. However, the record high visitor arrivals of 41.9 million in 2011 fuelled up the robust growth in retail sector. In order to reap the economic benefit of China, many companies including international branded retailers tend to expand their presence or seek initial public offerings in Hong Kong which is in close proximity to China. These are witnessed by the growing demand for retailing and office spaces. The Hong Kong Government's efforts of introducing the Special Stamp Duty, increasing the interest margin for mortgage loans, lowering the mortgage loan-to-value ratio, ensuring greater land supply and promoting more transparent property transactions are conducive to the development of a sustainable property market. Moreover, the promulgation of exchange arrangements for Foreign Direct Investments and Renminbi Qualified Foreign Institutional Investor further strengthens Hong Kong's position as an international financial centre.

To face the ever changing external uncertainties and opportunities emerged from the Hong Kong's unique position in Asia, we shall leverage on our virtually debt-free position and act prudently so as to deliver stable returns to our shareholders.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31st March 2012, the Group had less than twenty employees and their remuneration are maintained at competitive levels. Total staff costs (including Directors' remuneration) amounted to HK\$4.6 million (2011: HK\$4.5 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\$82.9 million at 31st March 2012. 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.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere appreciation to the Shareholders for their continued support and our staff for their hard work and dedication. I would also like to express my gratitude to my fellow Directors for their guidance and invaluable contribution.

Cheung Kee Wee

Chairman

Hong Kong, 28th June 2012

Report of the Directors

The Board has pleasure in submitting their report together with the audited financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31st March 2012.

PRINCIPAL ACTIVITIES

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

SEGMENT INFORMATION

An analysis of the Group’s turnover and results by principal activities for the year is shown in Note 28 to the consolidated financial statements.

RESULTS

Results of the Group for the year ended 31st March 2012 are shown on page 31.

DIVIDEND

The Board has resolved to recommend at the forthcoming annual general meeting (“AGM”) to be held on Wednesday, 5th September 2012 a final dividend of HK10 cents (2011: HK8 cents) per share and a special dividend of HK15 cents (2011: HK22 cents) per share for the year ended 31st March 2012 to be paid on Friday, 21st September 2012 to the Shareholders whose names appear on the Register of Members of the Company on Monday, 17th September 2012.

Together with the interim dividend of HK10 cents (2011: HK5 cents) per share paid on Friday, 6th January 2012, total dividends for the year will amount to HK35 cents (2011: HK35 cents) per share.

PARTICULARS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Particulars of subsidiaries and associated companies of the Company are shown in Notes 15 and 16 to the consolidated financial statements respectively.

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 81.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are shown in Note 23 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

The Company considers the cumulative gains on revaluation of investment properties net of tax of HK\$50,860,764 (2011: HK\$50,359,764) included in retained profits are non-distributable as they do not constitute realised profits. As at 31 March 2012, the Company's reserves available for distribution to Shareholders as calculated in accordance with the provisions of Section 79B of the Hong Kong Companies Ordinance amounted to HK\$308,147,047 (2011: HK\$350,081,338).

PROPERTIES

Details of the movements in investment properties are shown in Note 14 to the consolidated financial statements. Details of the principal properties held by the Group for investment, sale and development purposes are shown on pages 83 to 86.

SHARE CAPITAL

Details of the share capital of the Company are set out in Note 22 to the consolidated financial statements.

DIRECTORS

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

Executive Directors

Mr. Cheung Kee Wee (*Chairman*)
Mr. Cheung Lin Wee
Mr. Cheung Ying Wai, Eric

Non-executive Directors

Mr. John Ho
Mr. Ng Kwok Tung

Independent Non-executive Directors

Mr. Lam Hon Keung, Keith
Mr. Chan Woon Kong
Mr. Soo Hung Leung, Lincoln

In accordance with Article 103(A) of the Company's Articles of Association (the "Company's Articles"), Messrs Cheung Lin Wee, Chan Woon Kong and Soo Hung Leung, Lincoln will retire from office by rotation at the forthcoming AGM and they, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

No Directors proposed for re-election at the forthcoming AGM has a service contract, which is not determinable within one year without payment of compensation (other than statutory compensation), with the Company or its subsidiaries.

The term of office of each Director is the period up to his retirement by rotation in accordance with the Company's Articles.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

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

REMUNERATION OF DIRECTORS AND OF THE FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' remuneration and of the five highest paid individuals in the Group are shown in Note 9 to the consolidated financial statements. No contribution to pension scheme for Directors and past Directors was paid for the year.

There was no compensation paid during the year or receivable by the Directors for the loss of office as a Director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

Save for those "Significant Related Party Transactions" described in Note 27 to the consolidated financial statements, 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' RIGHT TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31st March 2012, the interests or 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 of Hong Kong Limited (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 Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in Ordinary Shares of the Company

Name of Director	Personal interests	Corporate interests	Family interests	Total	% of issued share capital
Cheung Kee Wee	–	15,150,160 <i>(Note 1)</i>	–	15,150,160	12.52
Cheung Lin Wee	14,180,800	–	238,000 <i>(Note 2)</i>	14,418,800	11.92
Cheung Ying Wai, Eric	14,090,800	–	–	14,090,800	11.65

Notes:

- (1) These shares were held by Biochoice Limited ("Biochoice") (in which Mr. Cheung Kee Wee ("CKW") and his spouse in aggregate owned 50% interest) through its wholly owned subsidiary, Humphrey Group Limited ("Humphrey"). Therefore, CKW was deemed to be interested in these shares under the SFO.
- (2) The 238,000 shares were beneficially held by Ms. Wu Suet Yi, Rita, the spouse of Mr. Cheung Lin Wee ("CLW").

Save as disclosed above, as at 31st March 2012, 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 Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

So far as is known to the Directors or Chief Executives of the Company, as at 31st March 2012, 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 Ordinary Shares of the Company

	Number of shares	% of issued share capital
Substantial Shareholders:		
Chin Lan Hong	32,162,800 (Note 1)	26.59
Kung So Ha, Anne	15,150,160 (Note 2)	12.52
Biochoice Limited	15,150,160 (Note 3)	12.52
Humphrey Group Limited	15,150,160 (Note 3)	12.52
Wu Suet Yi, Rita	14,418,800 (Note 4)	11.92
Hoh Kwok Hing, Corinne	14,090,800 (Note 5)	11.65
Persons other than Substantial Shareholders:		
Megabest Securities Limited	11,295,600 (Note 6)	9.34
Profit-taking Company Inc.	11,295,600 (Note 6)	9.34
Pullfield Company Limited	11,295,600 (Note 6)	9.34

Notes:

- (1) Out of the 32,162,800 shares, 11,295,600 shares were held by Megabest Securities Limited ("Megabest") of which Madam Chin Lan Hong ("CLH") was interested in the entire issued share capital, through the chain of ownership being described in Note (6) below; and 20,867,200 shares were held under her personal interests.

- (2) Ms. Kung So Ha, Anne is the wife of CKW and was taken to be interested in these shares in which her spouse was interested under the SFO. These 15,150,160 shares related to the same block of shares as described in Note (3) below.
- (3) These 15,150,160 shares held by Biochoice and Humphrey respectively related to the same block of shares as described in "Corporate Interests" of CKW under the heading of "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures". These shares were held by Biochoice (in which CKW and his spouse in aggregate owned 50% interest) through its wholly owned subsidiary, Humphrey, the registered owner of the said 15,150,160 shares.
- (4) Out of the 14,418,800 shares, 238,000 shares were beneficially held by Ms. Wu Suet Yi, Rita, and Ms. Wu was taken to be interested in the remaining 14,180,800 shares in which her spouse CLW was interested under the SFO.
- (5) 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.
- (6) These 11,295,600 shares held by Megabest, Profit-taking Company Inc. ("Profit-taking") and Pullfield Company Limited ("Pullfield") respectively related to the same block of shares as described in Note (1) above. These shares were held by Megabest through its wholly owned subsidiary, Profit-taking, which in turn held the entire issued share capital of Pullfield, the registered owner of the said 11,295,600 shares of the Company.

Save as disclosed above, as at 31st March 2012, 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 subsidiaries has purchased or sold any of the Company's issued shares during the year.

Report of the Directors *(CONTINUED)*

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers and five largest suppliers of the Group accounted for less than 30% by value of the Group's total revenues and revenue purchases respectively.

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.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 19 to 28.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float throughout the year ended 31st March 2012 and up to the date of this report pursuant to the Listing Rules.

AUDITOR

The financial statements 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, 28th June 2012

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Board and the management believe that good and high standard of corporate governance practices are very important for maintaining and promoting investor confidence and for the continued growth of the Group. The Company has made continued efforts to maintain and improve the quality of corporate governance so as to ensure an effective board, sound internal control, and transparency and accountability to its Shareholders.

The Company has applied the principles and complies with the provisions contained in the Code on Corporate Governance Practices (the "CG Code") set out in Appendix 14 to the Listing Rules throughout the financial year ended 31st March 2012, except for certain deviations of the code provisions in respect of the roles of the Chairman and Chief Executive Officer ("CEO") of the Company (i.e. A.2.1); and service term of its Non-executive Directors ("NEDs") (i.e. A.4.1). The considered reasons for the aforesaid deviations will be discussed in the later part of this report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding directors' securities transactions in the Company. 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 ended 31st March 2012.

THE BOARD

The Board, led by the Chairman, is responsible for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs.

Corporate Governance Report *(CONTINUED)*

THE BOARD *(Continued)*

The Chairman of the Board is responsible for the leadership and effective running of the Board, while the Executive Directors (“EDs”) and the Board Committees of the Company are delegated with the authority to manage the business of the Group in all aspects effectively. With the assistance of the Company Secretary, the Chairman approves Board meeting agendas and ensures that the Directors are properly briefed and timely receive adequate and reliable information on all Board matters.

EDs are responsible for different business and functional divisions of the Group in accordance with their respective areas of expertise. Daily operations and administration are delegated to the management under supervision which is given clear directions as to their powers in particular with respect to the circumstances under which they should report back to and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

The Board currently comprises eight members, of whom three are EDs including the Chairman of the Board, two are NEDs and three are Independent Non-executive Directors (the “INEDs”). More than one third of the Board is INEDs, each of them comes from different business and professional background and at least one of them has accounting or related financial management expertise. The Board has received from each INED an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules and continues to consider each of them to be independent up to the date of this annual report (the “AR”).

The Board includes a balanced composition of EDs, NEDs and INEDs so that there is a strong independent element on the Board to exercise independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointment and standards of conduct.

Biographical details of the Directors and the relationship among the Directors are set out on pages 2 and 3 of the AR.

The Board meets regularly and holds at least four regular meetings at approximately quarterly intervals in a year and additional meetings are held as and when significant events or important issues are required to be discussed and resolved. For the financial year 2011/2012, four physical meetings were respectively held in June, October and November of 2011 and March 2012. Details of individual attendance of each Director at the meetings are set forth below:

Directors	Meetings Attended/Held
<i>Executive Directors</i>	
Mr. Cheung Kee Wee (<i>Chairman</i>)	4/4
Mr. Cheung Lin Wee	3/4
Mr. Cheung Ying Wai, Eric	4/4
<i>Non-executive Directors</i>	
Mr. John Ho	3/4
Mr. Ng Kwok Tung	4/4
<i>Independent Non-executive Directors</i>	
Mr. Lam Hon Keung, Keith	4/4
Mr. Chan Woon Kong	4/4
Mr. Soo Hung Leung, Lincoln	4/4

In order to give all Directors adequate time to plan their schedules to attend the meeting, at least fourteen days' formal notice would be given to all Directors before each regular meeting. To enable Directors to make informed decisions on matters to be considered at the Board and Board Committee meetings, board papers and related material are given to the Directors not less than three days before the intended date of a Board or Board Committee meeting.

Directors need to declare their interest in the matters to be passed in the resolution, if applicable. If a substantial shareholder or a Director has a material conflict of interest in a matter to be considered by the Board, the matter will be dealt with pursuant to applicable rules and regulations and, if appropriate, an independent Board committee will be set up to deal with the matter.

In addition to the Board meetings, certain issues are dealt with by way of circular written resolutions, so that all Directors can note and comment thereon before the Board's approval on the matters.

Corporate Governance Report *(CONTINUED)*

THE BOARD *(Continued)*

Directors are kept informed in a timely manner of any major changes that may affect the Group's business as well as changes in relevant rules and regulations. They have full access to the Company Secretary and key officers of the Company Secretarial Department for relevant information in respect of the Group. They are also able to obtain independent professional advice by written procedure adopted by the Company at the expense of the Company in appropriate circumstances.

THE COMPANY SECRETARY

The Company Secretary is responsible to the Board for ensuring that the procedures and all applicable rules and regulations are strictly and fully complied with and that activities of the Board are running efficiently and effectively by assisting the Chairman to prepare agendas for meetings and by preparing and disseminating Board papers and relevant material to the Directors and Board Committee members in a timely and comprehensive manner.

The Company Secretary attends all Board meetings and advises on corporate governance and statutory compliance, if appropriate. Draft and final versions of minutes of meetings of the Board and the Board Committees are circulated to all Directors concerned for comments and records respectively. All the minutes record in sufficient detail the matters considered and decisions reached by the Board and the Board Committees of the Company and are kept by the Company Secretary, which are open for inspection at any reasonable time on reasonable notice by any Director.

The Company Secretary also advises the Directors on their obligations for disclosure of interests in securities, connected transactions and price-sensitive information and ensures that the standards and disclosures required by the Listing Rules are observed and, where required, reflected in the Report of the Directors.

CHAIRMAN AND CEO

Under the code provision A.2.1 of the CG Code, the roles of the Chairman and 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 EDs with clear division of responsibilities under the leadership of the Chairman. The Board considers that this arrangement allows contributions from all EDs 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.

NOMINATION COMMITTEE

In compliance with the requirement of the Corporate Governance Code and Corporate Governance Report (the "New CG Code") as set out in Appendix 14 to the Listing Rules, the Company established its Nomination Committee on 5 March 2012, a majority of which is INEDs. The Committee is chaired by the chairman of the Board, Mr. Cheung Kee Wee and comprises an ED, Mr. Cheung Lin Wee, and three INEDs, namely Messrs Lam Hon Keung, Keith, Chan Woon Kong and Soo Hung Leung, Lincoln. The Company Secretary of the Company is the secretary of the Committee.

The adopted terms of reference of the Nomination Committee dated 5 March 2012 which set out clearly the Committee's authority and duties made pursuant to the New CG Code of the Listing Rules are posted on the respective websites of the Stock Exchange and the Company.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The selection process of Directors is performed by the Board in accordance with the Company's Articles as well as the written procedures for Shareholders to propose a person for election as a Director of the Company. The said procedures are posted on the Company's website.

When considering a potential Director who is recommended by the EDs or the Shareholder(s), the Board will take into consideration certain criteria such as the candidate's professional knowledge and experience, integrity and personal skills, possible conflicts of interests and time commitment to the Company. A newly appointed Director will receive reference material of the Company such as interim and annual reports with a view to familiarizing him/her with the business operation of the Company and the corporate structure of the Group. The Directors are also kept informed of the updated legal and other regulatory requirements and the business and governance policies of the Company.

Under the code provision A.4.1 of CG Code, NEDs should be appointed for a specific term and subject to re-election. All the five NEDs of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the AGM in accordance with the Company's Articles.

In accordance with Article 94 of the Company's Articles, a newly appointed Director is subject to re-election by the Shareholders at the next following AGM of the Company after his/her appointment, but shall not be taken into account in determining the Directors who are to retire by rotation and re-election at the AGM in accordance with Article 103(A) of the Company's Articles.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS *(Continued)*

There are eight Directors including five NEDs of the Company for the time being. As one-third of the eight Directors shall retire from office by rotation at each AGM, each of them shall retire at least once every three years. The Board is of the view that the current practice of appointing Directors which include NEDs without specific terms but otherwise subject to retirement by rotation and re-election by the Shareholders at the AGM is reasonable and appropriate to the needs of the Company.

The Company may by an ordinary resolution remove a Director before the expiration of his/her period of office notwithstanding anything in the Company's Articles or in any agreement between the Company and such Director. 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/she is removed in accordance with the Companies Ordinance.

During the year ended 31st March 2012, there was no change in the Board composition. The names and details of the retiring Directors who will offer themselves for re-election at the forthcoming AGM of the Company are set out in Appendix I to the Company's circular dated 17th July 2012.

REMUNERATION COMMITTEE

Remuneration Committee of the Company was established in 2005. The Committee consists of three INEDs, namely Messrs Soo Hung Leung, Lincoln (Chairman), Lam Hon Keung, Keith and Chan Woon Kong, and two NEDs, namely Messrs John Ho and Ng Kwok Tung. The Company Secretary of the Company is the secretary of the Committee.

The principal responsibilities of the Remuneration Committee, under its terms of reference which were prepared on terms no less exacting than those set out in the New CG Code and revised and adopted in March 2012, is to assist the Board to develop and administer a formal and transparent procedure for setting policy on the remuneration of all the Directors and senior management of the Company. The terms of reference of the Committee are posted on the respective websites of the Stock Exchange and the Company.

The Remuneration Committee met once during the financial year ended 31st March 2012 with the presence of all the members except Mr. John Ho who was absent from the meeting.

During such meeting, the remuneration package of the EDs was reviewed by reference to the Group's performance and profitability as well as the remuneration level of directors in certain listed corporations in the industry. It was resolved that the Director's fee of HK\$80,000 per annum for each of the EDs would remain unchanged and a recommendation of the payment of salaries to each ED at HK\$300,000 per year be put forward to the Shareholders for approval at the 2012 AGM. Details of the remuneration of Directors for the year ended 31 March 2012 are set out in Note 9 to the financial statements on page 61 of the AR.

REMUNERATION OF AUDITOR

For the year ended 31st March 2012, the remuneration paid and payable to PricewaterhouseCoopers, the Company's external auditor, for audit services to the Group amounted to HK\$423,880 and for non-audit services amounted to HK\$158,900.

AUDIT COMMITTEE

The Audit Committee of the Company was established in 1998 and currently consists of three INEDs, namely Messrs Lam Hon Keung, Keith (Chairman), Chan Woon Kong and Soo Hung Leung, Lincoln and two NEDs, namely Messrs John Ho and Ng Kwok Tung. The Committee members possess sufficient financial and accounting experience and expertise to discharge their duties. The Company Secretary of the Company acts as the secretary of the Committee.

The operation of the Audit Committee is guided by its written terms of reference which were prepared on terms no less exacting than those set out in the New CG Code. The terms of reference, which were further revised and adopted in March 2012, are posted on the respective websites of the Stock Exchange and the Company.

The major duties of the Audit Committee set out in its terms of reference include:-

1. recommendation to the Board on the appointment, re-appointment and removal of the external auditor, and approval of their terms of engagement;
2. reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of audit process in accordance with applicable standard;
3. monitoring the integrity of the company's financial statements and AR and accounts, interim report and quarterly report (if applicable), and reviewing significant financial reporting judgements contained in them;
4. oversight of the Company's financial controls, internal control and risk management systems; and
5. reviewing the financial information of the Company.

Corporate Governance Report (CONTINUED)

AUDIT COMMITTEE (Continued)

During the financial year ended 31st March 2012, two meetings of the Audit Committee were held in June and November of 2011 respectively with the external auditor of the Company for discussion and review of the reporting of financial and other information to the Shareholders (including the 2010/2011 final results and 2011/2012 interim results of the Company before they were submitted to the Board for approval), the accounting principles and practices adopted by the Group and the issue on internal control of the Company. The Committee also keeps under review the independence of the external auditor of the Company. Details of individual attendance of each of the members of the Committee at the meetings are as follows:

Committee Members	Meetings Attended/Held
<i>Independent Non-executive Directors</i>	
Mr. Lam Hon Keung, Keith (<i>Chairman</i>)	2/2
Mr. Chan Woon Kong	2/2
Mr. Soo Hung Leung, Lincoln	0/2
<i>Non-executive Directors</i>	
Mr. John Ho	2/2
Mr. Ng Kwok Tung	2/2

The financial statements of the Company for the year ended 31st March 2012 were reviewed and discussed by the Audit Committee together with the external auditor of the Company at a meeting held in late June 2012.

ACCOUNTABILITY AND AUDIT

The Board was provided with explanation and information by the management of the Company, so that Directors have an informed assessment of the financial and other information of the Company put before the Board for approval.

All the Directors have acknowledged their responsibilities for preparing and reviewing the Company's financial statements and ensure that the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st March 2012 and of the profit and cash flows of the Group for the year then ended. In preparing the Company's financial statements for the year ended 31st March 2012, the Board has selected suitable accounting policies and principles generally accepted in Hong Kong and applied them consistently, has made prudent and reasonable judgements and estimates, and has prepared the financial statements on a going concern basis. The statement by the auditor of the Company regarding their reporting responsibilities on the financial statements of the Company and the Group is set out in the "Independent Auditor's Report" on pages 29 and 30 of the AR.

The Board's endeavors to ensure a balanced, clear and understandable assessment of the Group's position and prospects extend to annual and interim reports, other price-sensitive announcements and financial disclosures of the Company required under the Listing Rules and other applicable rules, and to report to regulators as well as to information required to be disclosed pursuant to statutory requirements. Accordingly, due authorization will be made on the publication of relevant announcements and reports as and when the occasion arises.

INTERNAL CONTROL

The Board acknowledges its responsibility in maintaining effective and sound internal control system for the Group to safeguard the Group's assets and protect the interest of the Shareholders. The internal control system is designed to provide reasonable, but not absolute, assurance of no material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievements of the Group's objectives.

The Board has conducted an annual review of the effectiveness of the system of internal control of the Group. The review covered all material controls, including financial, operational and compliance controls and risk management functions. The Board considers that the Company has adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

Based on the results of the review, the Board has concluded that the Group's overall system of internal control has been effectively exercised during the year. The Group will continue to improve its system of internal control.

COMMUNICATION WITH THE SHAREHOLDERS

The Company's AGM is one of the principal communication channels between the Company and the Shareholders as it provides a forum for the Shareholders to raise questions and comments and exchange views with the Board.

At the 2011 AGM of the Company, respective Chairmen of the Board, the Audit Committee and the Remuneration Committee of the Company were present and available to answer questions raised by the Shareholders at the meeting. A separate resolution was proposed at the AGM on each substantially separate issue, such as the re-election of individual Directors.

The Company has other means of communication with the Shareholders, including the publication of annual and interim reports, circulars, announcements and availability of updated and key information about the Group on the Company's website. The Shareholders or any interested parties can also contact the Company by sending e-mail to enquiry@wahha.com.

COMMUNICATION WITH THE SHAREHOLDERS *(Continued)*

The Company arranges for the notice to the Shareholders to be sent out in the case of annual general meetings at least 20 clear business days before the meeting and to be sent out at least 10 clear business days in the case of all other general meetings. It is proposed that the 2012 AGM of the Company will be held on Wednesday, 5th September 2012 at 12:00 noon. Notice of the AGM will be published and dispatched to the Shareholders in late July 2012.

The Board has formulated a shareholders' communication policy and will review it on a regular basis to ensure its effectiveness.

VOTING BY POLL

The Company regularly informs the Shareholders of the procedures for voting by poll and ensures that it complies with the requirements about voting by poll as contained in the Listing Rules and the Company's Articles.

Since 2005, the Shareholders were given an explanation of the rights and procedures for demanding and conducting a poll in accordance with Article 74 of the Company's Articles at the commencement of each AGM of the Company.

Pursuant to the Listing Rules, any vote of the shareholders at a general meeting must be taken by poll. The Chairman of the 2012 AGM will therefore put each of the resolutions to be proposed at the meeting to be voted by way of a poll pursuant to the Listing Rules and Article 74 of the Company's Articles.

Save as disclosed above, the Company has complied with all the code provisions as set out in the CG Code throughout the financial year ended 31st March 2012.

Independent Auditor's Report



羅兵咸永道

TO THE SHAREHOLDERS OF WAH HA REALTY COMPANY LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Wah Ha Realty Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 31 to 80, which comprise the consolidated and company balance sheets as at 31st March 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Independent Auditor's Report *(CONTINUED)*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st March 2012, and of the profit and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 28th June 2012

Consolidated Statement of Comprehensive Income

For the year ended 31st March 2012

	<i>Note</i>	2012 HK\$	2011 HK\$
Revenues	5	10,200,484	10,678,132
Changes in fair value of investment properties	14	600,000	13,100,000
Gain on disposal of investment properties		–	8,592,373
Net fair value (losses)/gains on financial assets at fair value through profit or loss		(3,464)	11,202,820
Fair value gains on derivative financial instruments		–	576,059
Other gains, net	6	2,344,426	1,478,056
Direct outgoings in relation to properties that generate income	7	(373,979)	(975,958)
Cost of completed properties sold	7	–	(231,750)
Staff costs	7	(4,598,075)	(4,491,490)
Other operating expenses	7	(1,253,380)	(1,162,996)
Operating profit		6,916,012	38,765,246
Share of profits less losses of associated companies	8	112,973,000	116,730,880
Profit before income tax		119,889,012	155,496,126
Income tax credit/(expense)	11	25,272	(2,044,767)
Profit and total comprehensive income attributable to equity holders of the Company		119,914,284	153,451,359
Dividends	12	42,336,000	42,336,000
Earnings per share (Basic and diluted)	13	0.99	1.27

The notes on pages 38 to 80 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31st March 2012

	<i>Note</i>	2012 HK\$	2011 HK\$
ASSETS			
Non-current assets			
Investment properties	14	65,400,000	64,800,000
Investments in associated companies	16	535,261,421	423,493,053
Amounts due from associated companies	16	14,563,681	41,968,200
Available-for-sale financial assets	17	250,448	250,448
Deferred income tax assets	24	739	800
		615,476,289	530,512,501
Current assets			
Completed properties held for sale	18	6,524,147	6,524,147
Amounts due from associated companies	16	48,411,741	40,071,682
Trade and other receivables	19	1,644,161	1,415,056
Tax recoverable		1,593,930	2,832,215
Financial assets at fair value through profit or loss	20	2,551,799	2,555,263
Cash and bank balances	21	361,040,631	375,584,483
		421,766,409	428,982,846
Total assets		1,037,242,698	959,495,347
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	22	78,624,000	78,624,000
Retained profits	23		
– Proposed dividends		30,240,000	36,288,000
– Others		895,040,596	817,462,312
		925,280,596	853,750,312
Total equity		1,003,904,596	932,374,312

	<i>Note</i>	2012 HK\$	2011 HK\$
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	<i>24</i>	9,917,742	10,092,550
Current liabilities			
Amounts due to associated companies	<i>16</i>	20,376,052	14,187,367
Trade and other payables	<i>25</i>	3,021,251	2,682,020
Tax payable		23,057	159,098
		23,420,360	17,028,485
Total liabilities		33,338,102	27,121,035
Total equity and liabilities		1,037,242,698	959,495,347
Net current assets		398,346,049	411,954,361
Total assets less current liabilities		1,013,822,338	942,466,862

Cheung Kee Wee
Director

Cheung Lin Wee
Director

The notes on pages 38 to 80 are an integral part of these consolidated financial statements.

Balance Sheet

As at 31st March 2012

	<i>Note</i>	2012 HK\$	2011 HK\$
ASSETS			
Non-current assets			
Investment properties	<i>14</i>	65,400,000	64,800,000
Investments in subsidiaries	<i>15</i>	110,344	110,344
Investments in associated companies	<i>16</i>	1,090,618	1,140,618
Amounts due from associated companies	<i>16</i>	14,563,681	41,968,200
Available-for-sale financial assets	<i>17</i>	250,448	250,448
		81,415,091	108,269,610
Current assets			
Completed properties held for sale	<i>18</i>	690,408	690,408
Amounts due from subsidiaries	<i>15</i>	349,986	290,585
Amounts due from associated companies	<i>16</i>	48,411,741	40,071,682
Trade and other receivables	<i>19</i>	1,375,942	1,206,209
Tax recoverable		1,577,039	2,820,607
Financial assets at fair value through profit or loss	<i>20</i>	2,551,799	2,555,263
Cash and bank balances	<i>21</i>	354,306,411	369,069,833
		409,263,326	416,704,587
Total assets		490,678,417	524,974,197
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	<i>22</i>	78,624,000	78,624,000
Retained profits	<i>23</i>		
– Proposed dividends		30,240,000	36,288,000
– Others		328,767,811	364,153,102
		359,007,811	400,441,102
Total equity		437,631,811	479,065,102

	<i>Note</i>	2012 HK\$	2011 HK\$
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	<i>24</i>	9,917,742	10,092,550
Current liabilities			
Amounts due to subsidiaries	<i>15</i>	20,310,722	19,455,279
Amounts due to associated companies	<i>16</i>	20,376,052	14,187,367
Trade and other payables	<i>25</i>	2,442,090	2,173,899
		43,128,864	35,816,545
Total liabilities		53,046,606	45,909,095
Total equity and liabilities		490,678,417	524,974,197
Net current assets		366,134,462	380,888,042
Total assets less current liabilities		447,549,553	489,157,652

Cheung Kee Wee
Director

Cheung Lin Wee
Director

The notes on pages 38 to 80 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31st March 2012

<i>Note</i>	2012 HK\$	2011 HK\$
Cash flows from operating activities		
Profit before income tax	119,889,012	155,496,126
Gain on disposal of investment properties	–	(8,592,373)
Changes in fair value of investment properties	(600,000)	(13,100,000)
Share of profits less losses of associated companies	(112,973,000)	(116,730,880)
Operating profit before working capital changes	6,316,012	17,072,873
Decrease in completed properties held for sale	–	230,250
Increase in trade and other receivables	(229,105)	(138,974)
Decrease in financial assets at fair value through profit or loss	3,464	73,362,069
Increase in trade and other payables	339,231	303,559
Net cash generated from operations	6,429,602	90,829,777
Hong Kong profits tax refunded/(paid)	952,769	(3,299,816)
Net cash generated from operating activities	7,382,371	87,529,961
Cash flows from investing activities		
Net sales proceeds from disposal of investment properties	–	21,592,373
Increase in bank deposits with maturity over three months	(201,159,519)	(76,993,763)
Dividends received from associated companies	3,783,477	42,970,000
Advances to associated companies	(18,384,028)	(43,185,276)
Repayment of advances to associated companies	41,058,328	50,300,800
Net cash used in investing activities	(174,701,742)	(5,315,866)
Cash flows from financing activity		
Dividends paid to the Company's equity holders	(48,384,000)	(14,515,200)
Net (decrease)/increase in cash and cash equivalents	(215,703,371)	67,698,895
Cash and cash equivalents at beginning of the year	298,590,720	230,891,825
Cash and cash equivalents at end of the year	82,887,349	298,590,720

The notes on pages 38 to 80 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31st March 2012

	<i>Note</i>	2012 HK\$	2011 HK\$
Total equity at beginning of the year		932,374,312	793,438,153
Profit and total comprehensive income for the year	23	119,914,284	153,451,359
Dividends	23	(48,384,000)	(14,515,200)
Total equity at end of the year		1,003,904,596	932,374,312

The notes on pages 38 to 80 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

The Company is a limited liability company incorporated in Hong Kong and listed on The Stock Exchange of Hong Kong Limited. The address of its registered office is Room 2500, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong.

The principal activities of the Company are investment holding and property investment. The activities of the subsidiaries and associated companies are shown in Notes 15 and 16 to the consolidated financial statements respectively.

These consolidated financial statements are presented in Hong Kong dollar (HK\$), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 28th June 2012.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) 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 ("HKICPA"). The consolidated 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.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

The adoption of new/revised standards, amendments to existing standards and interpretations

The Group adopted the new/revised accounting standards, amendments and interpretations of HKFRS below, which are relevant to its operations.

HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendment)	Presentation – Classification of Right Issues
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments
Annual Improvement Project	Improvements to HKFRSs 2010

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.

(b) Standards, amendments to existing standards and interpretations that are not yet effective

The following new/revised standards, amendments and interpretations are effective for the accounting periods of the Group beginning on or after 1st April 2012 and are relevant to its operations and have not been early adopted by the Group:

Effective for year ending 31st March 2013

HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Standards, amendments to existing standards and interpretations that are not yet effective *(Continued)*

Effective for year ending 31st March 2014

HKAS 32 (Amendments) Offsetting Financial Assets and Financial Liabilities

Effective for year ending 31st March 2015 or later

HKFRS 9 Financial Instruments

The Group has already commenced an assessment of the impact of these new/revised standards, amendments and interpretations and considers that they will not have any significant impact on its results of operations and financial position, except for the amendment to HKAS 12.

This amendment provides an exception to the principles in the existing standard for measuring deferred tax assets or liabilities when an investment property is measured at fair value. The amendment introduces a presumption that an investment property measured at fair value will be recovered entirely through sale rather than over time through operations. The implication is that deferred tax liabilities are not provided as capital gains upon sale are not taxed in Hong Kong. The amendment is effective for the financial periods beginning on or after 1st January 2012 and full retrospective application will be required.

At 31st March 2012, the Group has provided deferred income tax liabilities of HK\$80.0 million (2011: HK\$61.2 million) in relation to fair value gains on investment properties, of which HK\$10.1 million (2011: HK\$10.0 million) relates to the Group's investment properties and HK\$69.9 million (2011: HK\$51.2 million) relates to the Group's share in associated companies' investment properties.

For the year ended 31st March 2012, the Group also recognised respective deferred income tax charge in the statement of comprehensive income of HK\$18.8 million (2011: HK\$16.6 million), of which HK\$0.1 million (2011: HK\$0.2 million) relates to the Group's investment properties and HK\$18.7 million (2011: HK\$16.4 million) relates to the Group's share in associated companies' investment properties.

Taking into account the tax consequence of presuming to recover the value of investment properties through sale, the deferred income tax liabilities mentioned above will be reversed upon adoption of the amendment to HKAS 12.

(c) Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31st March.

(i) *Subsidiaries*

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Consolidation *(Continued)*

(i) *Subsidiaries (Continued)*

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(ii) *Associated companies*

Associated companies are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investments in associated companies include goodwill identified on acquisition, net of any accumulated impairment losses.

The Group's share of its associated companies' post-acquisition profits or losses is recognised in the consolidated statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The carrying amount of the investment is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

In the Company's balance sheet, the investments in associated companies are stated at cost less provision for impairment losses. The results of associated companies are accounted for by the Company on the basis of dividend received and receivable.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar, which is the Company's functional and the Group's presentation currency. The functional currency of all subsidiaries and associated companies of the Group is Hong Kong dollar.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the securities, and other changes in the carrying amount of the securities. Translation differences related to changes in amortised cost are recognised in the statement of comprehensive income, and other changes in carrying amount are recognised in equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Foreign currency translation *(Continued)*

(ii) Transactions and balances (Continued)

Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognised in the statement of comprehensive income as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in the investment revaluation reserve in equity.

(e) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property.

Investment property comprises land held under finance leases and buildings held under finance leases.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value and is not depreciated. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, alternative valuation methods such as recent prices on less active markets or discounted cash flow projections are used. These valuations are performed at least annually by external valuers.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflow that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

Subsequent expenditure is accounted for as part of the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the statement of comprehensive income during the financial period in which they are incurred.

Changes in fair values are recognised in the statement of comprehensive income.

(f) Impairment of investments in subsidiaries, associated companies and non-financial assets

Assets that have an indefinite useful life or are not yet available for use are not subject to depreciation or amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries or associated companies is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary or associated company in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(g) Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Financial assets *(Continued)*

(i) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for those with maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables are carried at amortised cost using the effective interest method. Loans and receivables of the Group include trade and other receivables in the balance sheet.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity, other than those that meet the definition of loans and receivables and those the Group designates as available-for-sale or at fair value through profit or loss.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories including financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. They are included in non-current assets unless matures or management intends to dispose of the investment within twelve months of the balance sheet date.

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. All other financial assets are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables, and held-to maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are included in the statement of comprehensive income.

Changes in the fair value of monetary securities denominated in a foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the securities and other changes in the carrying amount of the securities. The translation differences resulting from changes in the amortised cost are recognised in the statement of comprehensive income, and other changes in carrying amount are recognised in equity. Changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as “gains and losses from available-for-sale financial assets”.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Financial assets *(Continued)*

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of comprehensive income – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income. Impairment testing of receivables is described in Note 2(h).

(h) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

(i) Completed properties held for sale

Completed properties held for sale is classified under current assets and carried at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

(j) Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with financial institutions with original maturities of three months or less.

(k) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries and associated companies operate and generate taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Current and deferred income tax *(Continued)*

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(l) Employee benefits

The Group participates in two defined contribution retirement benefits schemes. The Group's contributions under the schemes are charged to the statement of comprehensive income as incurred. The amount of the Group's contributions is based on specified percentages of the 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) Provisions

Provisions are recognised when the Group has 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 the amount has been reliably estimated. Provisions are not recognised for future operating losses.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(n) 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 statement of comprehensive income on a straight-line basis over the periods of the respective leases.

(o) Revenue recognition

Rental income is recognised over the periods of the respective leases on a straight-line basis.

Sales of investment properties and completed properties are recognised upon completion of the sales agreements.

Management fee income is recognised when services are rendered.

Interest income is recognised on a time proportion basis using the effective interest rate method.

Dividend income is recognised when the right to receive payment is certain.

Construction supervision fee income is recognised when services are rendered to customers.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

(q) Dividend distribution

Dividend distribution to the Company's equity holders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's Directors/equity holders.

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to various types of financial risks which include market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects it may have on the Group's financial performance.

(i) Market risk – foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the functional currencies of the entities of the Group.

The majority of the Group's monetary assets and monetary liabilities and the rental income are denominated in Hong Kong dollar, except for certain financial assets at fair value through profit or loss and bank deposits which are denominated in the United States dollar and Renminbi ("RMB") respectively.

The Group's exposure to foreign exchange risk arising from financial assets denominated in United States dollar is insignificant as Hong Kong dollar is pegged to the United States dollar.

The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

At 31st March 2012, if Hong Kong dollar had weakened or strengthened by 1% (2011: 1%) against RMB, with all other variables held constant, profit before income tax for the year would have been higher or lower by approximately HK\$625,000 (2011: HK\$594,000) as a result of foreign exchange gains/losses arising from deposits.

(ii) *Market risk – price risk*

Financial assets at fair value through profit or loss

The Group is exposed to price risk arising from investments classified as financial assets at fair value through profit or loss. The Group's price risk is mainly concentrated on listed securities and unlisted bonds. To manage its price risk arising from financial assets at fair value through profit or loss, the Group diversifies its portfolio.

The sensitivity analyses below have been determined based on the exposure to price risk at the balance sheet date.

If market prices of investments had been 10% higher/lower, the Group's post-tax profit for the year ended 31st March 2012 would increase/decrease by approximately HK\$255,000 (2011: HK\$256,000).

(iii) *Market risk – Interest rate risk*

The Group is exposed to changes in market interest rates through bank deposits.

The following analyses the impact on the Group's post-tax profit assuming a reasonable possible change in interest rates for bank deposits, with all other variables held constant.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Financial risk factors *(Continued)*

(iii) Market risk – Interest rate risk (Continued)

As at 31st March 2012, if market interest rates had been 50 basis points higher/lower, the Group's post-tax profit would increase/decrease by approximately HK\$1,799,000 (2011: HK\$1,866,000).

The Group has no interest bearing liabilities.

(iv) Credit risk

The carrying amounts of bank deposits, financial assets at fair value through profit or loss, trade and other receivables and amounts due from associated companies represent the Group's maximum exposure to credit risk in relation to financial assets.

Bank deposits and financial assets at fair value through profit or loss were placed with banks and a financial institution with sound credit ratings to mitigate the risk.

The Group has policies in place to ensure that rental deposits are required from tenants prior to commencement of leases and sale proceeds are received before the assignments of properties are executed. Amounts due from associated companies are generally supported by the underlying assets and the Group monitors the credibility of associated companies continuously. At each balance sheet date, the Group reviews the recoverable amount of each debtor to ensure that adequate provision is made for irrecoverable amounts.

(v) Liquidity risk

To achieve the prudent liquidity risk management the Group holds sufficient cash for operation.

The Group's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

The table below analyses the Group's financial liabilities and derivative financial instruments that will be settled on a gross basis into relevant maturity groups based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year HK\$	Between 1 and 2 years HK\$	Between 2 and 5 years HK\$	Total HK\$
Group				
At 31st March 2012				
Amounts due to associated companies	20,376,052	–	–	20,376,052
Trade and other payables	2,376,212	645,039	–	3,021,251
At 31st March 2011				
Amounts due to associated companies	14,187,367	–	–	14,187,367
Trade and other payables	2,173,359	86,114	422,547	2,682,020
Company				
At 31st March 2012				
Amounts due to subsidiaries	20,310,722	–	–	20,310,722
Amounts due to associated companies	20,376,052	–	–	20,376,052
Trade and other payables	1,857,543	584,547	–	2,442,090
At 31st March 2011				
Amounts due to subsidiaries	19,455,279	–	–	19,455,279
Amounts due to associated companies	14,187,367	–	–	14,187,367
Trade and other payables	1,751,352	–	422,547	2,173,899

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and to support future development of the business. The Group's strategy remains unchanged from the year ended 31st March 2011 and is to maintain net cash position.

The Group considers the total equity of the Group as its capital.

The Group reviews the capital structure periodically and manages its overall capital structure through payment of dividends.

(c) Fair value estimation

The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined on the basis set out in Note 2(g).

The carrying amounts of trade and other receivables, cash and bank deposits and trade and other payables approximate their fair values. The fair value of other financial assets and liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The Group's financial instruments are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise listed equity securities classified as financial assets at fair value through profit or loss.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Fair value of investment properties

The fair values of investment properties are determined by an independent valuer on an open market for existing use basis with reference to comparable market transactions. In making the judgement, the Group considers information from a variety of sources including:

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(a) Fair value of investment properties *(Continued)*

- (iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

If information on current or recent prices of investment properties is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals, expected future market rentals, maintenance requirements and appropriate discount rates. These valuations are regularly compared to actual market yield data, actual transactions by the Group and those reported by the market. The valuations are reviewed annually by an external valuer.

(b) Income taxes

The Group is subject to income taxes in Hong Kong. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

5 REVENUES

	2012 HK\$	2011 HK\$
Rental income		
Investment properties	629,333	903,016
Other properties	3,306,405	3,115,466
Sale of completed properties held for sale	–	1,094,000
Management fee income	1,266,432	1,138,115
Bank interest income	4,511,453	1,718,014
Dividend income – Listed investments	57,061	2,325,921
Construction supervision fee income	429,800	383,600
	10,200,484	10,678,132

6 OTHER GAINS, NET

	2012 HK\$	2011 HK\$
Net exchange gains	2,318,074	1,474,795
Loss on disposal of an associated company	(3)	–
Sundries	26,355	3,261
	2,344,426	1,478,056

Notes to the Consolidated Financial Statements (CONTINUED)

7 EXPENSES BY NATURE

	2012 HK\$	2011 HK\$
Direct outgoings in relation to properties that generate income		
Investment properties	170,635	781,864
Other properties	203,344	194,094
	373,979	975,958
Cost of completed properties sold	–	231,750
Staff costs (including Directors' remuneration)		
Salaries and other emoluments	4,349,336	4,259,090
Contributions to retirement schemes (Note 10)	248,739	232,400
	4,598,075	4,491,490
Other operating expenses		
Auditor's remuneration		
Audit fees	423,880	439,000
Non-audit fees	158,900	148,500
Others	670,600	575,496
	1,253,380	1,162,996

8 SHARE OF PROFITS LESS LOSSES OF ASSOCIATED COMPANIES

The Group's share of results of associated companies included the Group's share of fair value gains on investment properties held by associated companies net of related taxation amounting to HK\$94,480,250 (2011: HK\$88,731,335).

9 REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of each of the Directors of the Company is set out below:

	Fees	
	2012 HK\$	2011 HK\$
Executive Directors		
Mr. Cheung Kee Wee	80,000	80,000
Mr. Cheung Lin Wee	80,000	80,000
Mr. Cheung Ying Wai, Eric	80,000	80,000
Non-executive Directors		
Mr. John Ho	80,000	80,000
Mr. Ng Kwok Tung	80,000	80,000
Independent Non-executive Directors		
Mr. Lam Hon Keung, Keith	80,000	80,000
Mr. Chan Woon Kong	80,000	80,000
Mr. Soo Hung Leung, Lincoln	80,000	80,000
Directors' fees	640,000	640,000

No other emoluments were paid and none of the Directors has waived the right to receive their emoluments for the years ended 31st March 2012 and 2011.

Details of the emoluments paid to the five individuals, none of whom are Directors, whose emoluments were the highest in the Group are:

	2012 HK\$	2011 HK\$
Salaries and other emoluments	1,996,461	2,003,833
Contributions to retirement schemes	108,247	109,387
	2,104,708	2,113,220

The emoluments of each of the five highest paid individuals are below HK\$1,000,000 for the years ended 31st March 2012 and 2011.

Notes to the Consolidated Financial Statements (CONTINUED)

10 RETIREMENT SCHEMES

The Group operates two defined contribution retirement schemes in Hong Kong which comply with the respective requirements of the Occupational Retirement Schemes Ordinance (“ORSO”) and Mandatory Provident Fund (“MPF”) Schemes Ordinance. The schemes cover all the employees of the Group. All the assets under the schemes are held separately from the Group under independently administered funds. Contributions to the MPF Scheme follow the MPF Schemes Ordinance while contributions to the ORSO Scheme are based on a percentage of employee salary depending upon the length of employment.

11 INCOME TAX CREDIT/(EXPENSE)

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit for the year.

	2012 HK\$	2011 HK\$
Hong Kong profits tax		
Provision for the year	(149,477)	(567,407)
Over-provision in prior years	2	–
Deferred income tax (<i>Note 24</i>)	174,747	(1,477,360)
	25,272	(2,044,767)

The income tax expense on the Group’s profit before income tax differs from the theoretical amount that would arise using the tax rate of Hong Kong, the country in which the Group operates, as follows:

	2012 HK\$	2011 HK\$
Profit before income tax	119,889,012	155,496,126
Share of profits less losses of associated companies	(112,973,000)	(116,730,880)
	6,916,012	38,765,246

Calculated at a tax rate of 16.5% (2011: 16.5%)	(1,141,142)	(6,396,265)
Over-provision in prior years	2	–
Income not subject to tax	1,140,636	2,368,218
Expenses not deductible for tax purposes	(1,413)	(182)
Reversal of previously recognised temporary difference	–	2,011,546
Tax losses not recognised	(26,323)	(28,095)
Statutory tax reduction	53,510	–
Others	2	11
Income tax credit/(expense)	25,272	(2,044,767)

12 DIVIDENDS

	2012 HK\$	2011 HK\$
Interim dividend paid of HK10 cents (2011: HK5 cents) per share	12,096,000	6,048,000
Proposed final dividend of HK10 cents (2011: HK8 cents) per share	12,096,000	9,676,800
Proposed special dividend of HK15 cents (2011: HK22 cents) per share	18,144,000	26,611,200
	42,336,000	42,336,000

At the Board meeting held on Thursday, 28th June 2012, the Board of Directors proposed a final dividend of HK10 cents per share and a special dividend of HK15 cents per share. These proposed dividends will be accounted for as an appropriation of retained profits for the year ending 31st March 2013.

13 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.

	2012 HK\$	2011 HK\$
Profit attributable to equity holders of the Company	119,914,284	153,451,359
Weighted average number of ordinary shares in issue	120,960,000	120,960,000
Earnings per share (Basic and diluted)	0.99	1.27

The Company has no dilutive potential ordinary shares.

Notes to the Consolidated Financial Statements (CONTINUED)

14 INVESTMENT PROPERTIES

	Group and Company	
	2012 HK\$	2011 HK\$
At valuation		
At beginning of the year	64,800,000	64,700,000
Disposal	–	(13,000,000)
Fair value gains	600,000	13,100,000
At end of the year	65,400,000	64,800,000

The investment properties are held on finance leases of over 50 years in Hong Kong. As at 31st March 2012 and 2011, the investment properties were revalued on an open market value basis by C S Surveyors Limited, an independent qualified professional valuer.

The Group leases out its investment properties under operating leases. Leases typically run for an initial period of one to two years, with some having the option to renew, at which time all terms are renegotiated.

15 SUBSIDIARIES

	Company	
	2012 HK\$	2011 HK\$
Unlisted shares, at cost less provision	110,344	110,344

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

Name	Principal activities	Particulars of issued share capital
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	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
Wah Ha Real Estate Agency Limited	Property agency	1,000 ordinary shares of HK\$10 each
WH Properties Limited	Dormant	100 ordinary shares of HK\$1 each

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

Notes to the Consolidated Financial Statements (CONTINUED)

15 SUBSIDIARIES (Continued)

Amounts due from subsidiaries are unsecured, interest-free and have no specific repayment terms.

	Company	
	2012 HK\$	2011 HK\$
Amounts due from subsidiaries	1,898,984	1,679,583
Less: provision for impairment	(1,548,998)	(1,388,998)
	349,986	290,585

Movements in the provision for impairment of amounts due from subsidiaries are as follows:

	Company	
	2012 HK\$	2011 HK\$
At beginning of the year	1,388,998	1,236,998
Charge to the income statement	160,000	152,000
At end of the year	1,548,998	1,388,998

Amounts due to subsidiaries are unsecured, interest-free and have no specific repayment terms.

	Company	
	2012 HK\$	2011 HK\$
Amounts due to subsidiaries	20,310,722	19,455,279

16 ASSOCIATED COMPANIES

	2012 HK\$	2011 HK\$
Group – share of net assets	535,261,421	423,493,053
Company – unlisted shares, at cost less provision	1,090,618	1,140,618

	Group and Company	
	2012 HK\$	2011 HK\$
Amounts due from associated companies		
– Non-current portion (<i>Note a</i>)	14,563,681	58,978,200
Less: provision for impairment (<i>Note c</i>)	–	(17,010,000)
	14,563,681	41,968,200
– Current portion (<i>Note b</i>)	48,411,741	40,071,682
	62,975,422	82,039,882
Amounts due to associated companies (<i>Note b</i>)	(20,376,052)	(14,187,367)
	42,599,370	67,852,515

Notes:

- (a) The Company confirmed that these balances are unsecured, interest free and have no specific repayment terms but are not expected to be repaid within one year.
- (b) Amounts due from/to associated companies are unsecured, interest free and have no specific repayment terms.

Notes to the Consolidated Financial Statements (CONTINUED)

16 ASSOCIATED COMPANIES (Continued)

- (c) Movements in the provision for impairment of amounts due from associated companies are as follows:

	Group and Company	
	2012 HK\$	2011 HK\$
At beginning of the year	17,010,000	19,900,000
Charged/(credited) to the income statement	2,811,667	(2,890,000)
Written off during the year	(19,821,667)	–
At end of the year	–	17,010,000

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.

The Group's share of results, assets and liabilities of the associated companies is summarised as follows:

(a) Results

	2012 HK\$	2011 HK\$
Revenues	31,158,953	29,646,963
Profit for the year	112,973,000	116,730,880

(b) Net assets

	2012 HK\$	2011 HK\$
Assets	695,290,717	583,145,439
Liabilities	(160,029,296)	(159,652,386)
Net assets	535,261,421	423,493,053

Particulars of the associated companies are as follows:

Name	Principal activities	Particulars of issued share capital	Effective percentage of equity held by the Group
Chase Good Development Limited*	Dormant	4 ordinary shares of HK\$1 each	25
Daily Eagle Development Limited	Property development	4 ordinary shares of HK\$1 each	25
Eastern Tailor Enterprises Limited	Property investment	10,000 ordinary shares of HK\$1 each	25
Fu Kung San Realty Limited	Investment holding	100 ordinary shares of HK\$10 each	50
Fullion Realty Limited	Property investment	4 ordinary shares of HK\$10 each	50
Fupoly Properties Limited	Property investment	10,000 ordinary shares of HK\$10 each	25
Hinquand Enterprise Limited	Property investment	1,000 ordinary shares of HK\$10 each	50
Keneva Company Limited	Property development	20 ordinary shares of HK\$10 each	25
Kin Yuen Hing Investment Company Limited	Property development	200,000 ordinary shares of HK\$1 each	50
Mass Collection Company Limited	Property development	2 ordinary shares of HK\$1 each	50
Remadour Estate Limited	Property investment	10,000 ordinary shares of HK\$1 each	25
Sing Mei Properties Limited	Property investment	69,513 ordinary shares of HK\$100 each	25

Notes to the Consolidated Financial Statements (CONTINUED)

16 ASSOCIATED COMPANIES (Continued)

Name	Principal activities	Particulars of issued share capital	Effective percentage of equity held by the Group
Star Fortune Investments Limited	Property development	2 ordinary shares of HK\$1 each	50
Sun Prince Godown Limited	Property investment	100,000 ordinary shares of HK\$10 each	50
Sun Tai Tsuen Godown Company Limited	Property investment	100,000 ordinary shares of HK\$10 each	50
Wah Ha Property Development Limited	Property investment	10 ordinary shares of HK\$10 each	50

* By a resolution dated 7th March 2012, Chase Good Development Limited commenced deregistration under Section 291AA of the Hong Kong Companies Ordinance.

All associated companies are incorporated and operate in Hong Kong and are held directly by the Company except for Sing Mei Properties Limited which is 50% owned by a 50% owned associated company, Fu Kung San Realty Limited.

During the year ended 31st March 2012, the Company disposed of its 25% equity interests in Cantake Land Investment Company Limited. Kam Lee Wah Realty Limited, in which the Company formerly held 50% equity interests, was liquidated in May 2011.

17 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group and Company	
	2012 HK\$	2011 HK\$
Unlisted shares, at cost	250,448	250,448

The Directors are of the opinion that the fair value of the available-for-sale financial assets cannot be reliably measured since there are no recent market transactions between knowledgeable, willing parties on an arm's length basis and future cash flows available from the available-for-sale financial assets cannot be determined reliably. Accordingly, the available-for-sale financial assets are stated at cost.

18 COMPLETED PROPERTIES HELD FOR SALE

	Group		Company	
	2012 HK\$	2011 HK\$	2012 HK\$	2011 HK\$
Completed properties held for sale in Hong Kong				
At beginning of the year	6,524,147	6,754,397	690,408	690,408
Disposals	–	(230,250)	–	–
At end of the year	6,524,147	6,524,147	690,408	690,408

The completed properties held for sale in Hong Kong are held on finance leases of between 10 to 50 years.

19 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012 HK\$	2011 HK\$	2012 HK\$	2011 HK\$
Trade receivables				
Within 3 months	587,211	565,134	359,000	385,725
Other receivables	864,905	662,489	853,329	657,325
Prepayments and utility deposits	192,045	187,433	163,613	163,159
	1,644,161	1,415,056	1,375,942	1,206,209

Notes to the Consolidated Financial Statements (CONTINUED)

19 TRADE AND OTHER RECEIVABLES (Continued)

Notes:

- (a) 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). The trade receivables are generally fully covered by the rental deposits from corresponding tenants. Management fee receivable 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 2012, trade receivables of HK\$237,211 (2011: HK\$335,134) 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 2012, there are no trade receivables of the Group and the Company individually determined to be impaired (2011: nil).

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Company	
	2012 HK\$	2011 HK\$
Listed shares – Overseas	2,551,799	2,555,263

Financial assets at fair value through profit or loss are denominated in United States dollar.

21 CASH AND BANK BALANCES

	Group		Company	
	2012 HK\$	2011 HK\$	2012 HK\$	2011 HK\$
Bank deposits with original maturity over three months	278,153,282	76,993,763	274,033,256	76,993,763
Cash and cash equivalents				
Cash in hand	12,000	12,000	–	–
Bank balances	1,236,292	2,296,487	231,523	1,449,021
Bank deposits with original maturity less than three months	81,639,057	296,282,233	80,041,632	290,627,049
	82,887,349	298,590,720	80,273,155	292,076,070
Total	361,040,631	375,584,483	354,306,411	369,069,833

Bank deposits and bank balances are placed with the following banks in Hong Kong:

	Group		Company	
	2012 HK\$	2011 HK\$	2012 HK\$	2011 HK\$
The Bank of East Asia, Limited	360,951,957	375,072,483	354,229,737	368,569,833
Others	76,674	500,000	76,674	500,000
	361,028,631	375,572,483	354,306,411	369,069,833

The carrying amounts of cash and bank balances are denominated in the following currencies:

	Group		Company	
	2012 HK\$	2011 HK\$	2012 HK\$	2011 HK\$
Hong Kong dollar	297,104,931	314,866,593	290,370,711	308,351,943
United States dollar	1,407,588	1,342,890	1,407,588	1,342,890
Renminbi	62,528,112	59,375,000	62,528,112	59,375,000
	361,040,631	375,584,483	354,306,411	369,069,833

Notes to the Consolidated Financial Statements (CONTINUED)

22 SHARE CAPITAL

	Company	
	2012	2011
	HK\$	HK\$
<i>Authorised:</i>		
150,000,000 ordinary shares of HK\$0.65 each	97,500,000	97,500,000
<i>Issued and fully paid:</i>		
120,960,000 ordinary shares of HK\$0.65 each	78,624,000	78,624,000

23 RETAINED PROFITS

	Group	Company
	HK\$	HK\$
At 31st March 2010	714,814,153	333,960,228
Profit for the year	153,451,359	80,996,074
2010 final dividend	(6,048,000)	(6,048,000)
2010 special dividend	(2,419,200)	(2,419,200)
2011 interim dividend	(6,048,000)	(6,048,000)
At 31st March 2011	853,750,312	400,441,102
Profit for the year	119,914,284	6,950,709
2011 final dividend	(9,676,800)	(9,676,800)
2011 special dividend	(26,611,200)	(26,611,200)
2012 interim dividend	(12,096,000)	(12,096,000)
At 31st March 2012	925,280,596	359,007,811

24 DEFERRED INCOME TAX

Deferred income tax is calculated in full on temporary differences under the liability method using a tax rate of 16.5% (2011: 16.5%).

	2012 HK\$	2011 HK\$
Group		
Deferred income tax assets	739	800
Deferred income tax liabilities	(9,917,742)	(10,092,550)
	(9,917,003)	(10,091,750)
Company		
Deferred income tax liabilities	(9,917,742)	(10,092,550)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The above assets/(liabilities) shown in the consolidated balance sheet are determined after appropriate offsetting of the relevant amounts.

A substantial portion of deferred income tax assets and liabilities will be recovered/settled after twelve months from the balance sheet date.

Notes to the Consolidated Financial Statements (CONTINUED)

24 DEFERRED INCOME TAX (Continued)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Assets/(liabilities)			Total HK\$
	Tax losses HK\$	Accelerated depreciation allowances HK\$	Fair value gains on investment properties HK\$	
Group				
At 31st March 2010	1,319,497	(132,510)	(9,801,377)	(8,614,390)
Charged to income statement (Note 11)	(1,319,497)	(7,909)	(149,954)	(1,477,360)
At 31st March 2011	–	(140,419)	(9,951,331)	(10,091,750)
Credited/(charged) to income statement (Note 11)	281,654	(7,907)	(99,000)	174,747
At 31st March 2012	281,654	(148,326)	(10,050,331)	(9,917,003)
Company				
At 31st March 2010	1,319,497	(133,371)	(9,801,377)	(8,615,251)
Charged to income statement	(1,319,497)	(7,848)	(149,954)	(1,477,299)
At 31st March 2011	–	(141,219)	(9,951,331)	(10,092,550)
Credited/(charged) to income statement	281,654	(7,846)	(99,000)	174,808
At 31st March 2012	281,654	(149,065)	(10,050,331)	(9,917,742)

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. Deferred tax assets of HK\$341,000 (2011: HK\$315,000) of the Group arising from unused tax losses of HK\$2,071,000 (2011: HK\$1,912,000) have not been recognised in the financial statements. These tax losses have no expiry date.

25 TRADE AND OTHER PAYABLES

	Group		Company	
	2012 HK\$	2011 HK\$	2012 HK\$	2011 HK\$
Trade payables				
Within 90 days	37,631	379	36,089	–
Other payables	1,234,485	1,022,524	1,226,437	1,013,346
Rental and utility deposits received	919,293	898,736	615,147	610,147
Accrued expenses	829,842	760,381	564,417	550,406
	3,021,251	2,682,020	2,442,090	2,173,899

26 OPERATING LEASE RENTAL RECEIVABLE

The future aggregate minimum lease rental income under non-cancellable operating leases in respect of land and buildings is receivable in the following years:

	Group		Company	
	2012 HK\$	2011 HK\$	2012 HK\$	2011 HK\$
First year	3,349,407	3,306,406	2,490,100	2,109,600
Second to fifth years inclusive	2,260,300	3,688,207	2,091,600	3,441,700
	5,609,707	6,994,613	4,581,700	5,551,300

27 SIGNIFICANT RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions carried out in the normal course of the Group's business during the year, other than those disclosed elsewhere in the financial statements.

	2012 HK\$	2011 HK\$
Related company		
Estate agency fee income	150,000	150,000

The Group provided estate agency services to a related company at a fixed annual fee.

The key management of the Company refer to the Directors and their remuneration are set out in Note 9.

28 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 and completed properties held for sale and exclude items such as cash and bank balances, tax recoverable and deferred income tax assets. Segment liabilities comprise operating liabilities and exclude items such as tax payable and deferred income tax liabilities.

	Property development, investment and management HK\$	Investments HK\$	Total HK\$
Year ended 31st March 2012			
Revenues	5,631,970	4,568,514	10,200,484
Segment results	4,209,789	6,883,121	11,092,910
Unallocated costs			(4,176,898)
Operating profit			6,916,012
Share of profits less losses of associated companies	112,973,000	–	112,973,000
Profit before income tax			119,889,012
Income tax credit			25,272
Profit attributable to equity holders of the Company			119,914,284
Segment assets	135,944,458	3,401,519	139,345,977
Associated companies	535,261,421	–	535,261,421
Unallocated assets			362,635,300
Total assets			1,037,242,698
Segment liabilities	22,945,653	–	22,945,653
Unallocated liabilities			10,392,449
Total liabilities			33,338,102
Changes in fair value of investment properties	600,000	–	600,000

Notes to the Consolidated Financial Statements (CONTINUED)

28 SEGMENT INFORMATION (Continued)

	Property development, investment and management HK\$	Investments HK\$	Total HK\$
Year ended 31st March 2011			
Revenues	6,634,197	4,043,935	10,678,132
Segment results	25,608,334	17,297,608	42,905,942
Unallocated costs			(4,140,696)
Operating profit			38,765,246
Share of profits less losses of associated companies	116,730,880	–	116,730,880
Profit before income tax			155,496,126
Income tax expense			(2,044,767)
Profit attributable to equity holders of the Company			153,451,359
Segment assets	154,380,355	3,204,441	157,584,796
Associated companies	423,493,053	–	423,493,053
Unallocated assets			378,417,498
Total assets			959,495,347
Segment liabilities	16,614,041	–	16,614,041
Unallocated liabilities			10,506,994
Total liabilities			27,121,035
Changes in fair value of investment properties	13,100,000	–	13,100,000

Revenues of approximately HK\$1,560,000 (2011: HK\$1,560,000) are derived from a single external customer. These revenues are attributable to the property development, investment and management segment.

Five year Financial Summary

	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000	2009 HK\$'000	2008 HK\$'000
Results					
Year ended 31st March					
Revenues/turnover	10,200	10,678	8,175	10,061	18,430
Profit before income tax	119,889	155,496	139,279	5,119	71,316
Profit attributable to equity holders of the Company	119,914	153,451	131,666	8,927	71,549
Dividends	42,336	42,336	12,096	7,258	7,258
Assets and liabilities					
As at 31st March					
Investment properties	65,400	64,800	64,700	50,550	44,180
Investments in associated companies	535,261	423,493	352,622	269,375	247,309
Amounts due from associated companies	14,564	41,968	53,891	55,624	63,086
Available-for-sale financial assets	250	250	250	250	250
Deferred income tax assets	1	1	1	1	1
Current assets	421,767	428,983	359,902	315,871	343,989
Total assets	1,037,243	959,495	831,366	691,671	698,815
Share capital	78,624	78,624	78,624	78,624	78,624
Retained profits	925,281	853,750	714,814	591,615	589,946
Total equity	1,003,905	932,374	793,438	670,239	668,570
Deferred income tax liabilities	9,918	10,093	8,616	849	4,751
Current liabilities	23,420	17,028	29,312	20,583	25,494
Total liabilities	33,338	27,121	37,928	21,432	30,245
Total equity and liabilities	1,037,243	959,495	831,366	691,671	698,815

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 net assets of the Group. To provide equity holders 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 2012:

	2012 HK\$	2011 HK\$
Results		
Revenues	106,669,790	102,007,177
Operating profit	79,535,041	110,969,189
Changes in fair value of investment properties	346,300,000	410,039,027
Profit before income tax	425,835,041	521,008,216
Income tax expense	(68,230,985)	(78,926,271)
Profit for the year	357,604,056	442,081,945
Group's share of profits less losses after income tax	112,973,000	116,730,880
Net assets		
Non-current assets	1,964,157,953	1,880,973,790
Current assets	284,497,763	284,249,217
Net amounts due to equity holders	(93,393,892)	(394,069,073)
Non-current liabilities	(255,476,343)	(204,727,126)
Current liabilities	(53,768,054)	(55,756,136)
Net assets	1,846,017,427	1,510,670,672
Group's share of net assets	535,261,421	423,493,053

Principal Properties

As at 31st March 2012

(A) FOR INVESTMENT

Description	Lot No.	Type	Lease Term	Registered Owner
GROUP				
Hong Kong				
Flats B and 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	Commercial	Long Lease	Wah Ha Realty Company Limited
Apartment B on 1/F and 2/F and 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	Residential	Long Lease	Wah Ha Realty Company Limited
ASSOCIATED COMPANIES				
Hong Kong				
Flat 11 on G/F of Montane Mansion at King's Road, Quarry Bay	Sec. C of Inland Lot No. 8104	Commercial	Long Lease	Wah Ha Property Development Limited
G/F and 2/F, Midland Centre (82 shops) at No. 328 Queen's Road Central	Inland Lot No. 8426	Commercial	Long Lease	Hinquad Enterprise Limited
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	Residential	Medium Lease	Wah Ha Property Development Limited

Principal Properties *(CONTINUED)*

As at 31st March 2012

(A) FOR INVESTMENT *(Continued)*

Description	Lot No.	Type	Lease Term	Registered Owner
ASSOCIATED COMPANIES <i>(Continued)</i>				
Hong Kong <i>(Continued)</i>				
Flat A on 6/F and 1 carpark, Mountain Lodge at No. 44 Mount Kellett Road	Rural Building Lot No. 199	Residential	Long Lease	Wah Ha Property Development Limited
Belvedere (5 townhouses and 12 carparks) at No. 41 Chung Hom Kok Road, Chung Hom Kok	Rural Building Lot No. 968	Residential	Long Lease	Remadour Estate Limited
Vista Stanley (8 duplex units, 4 flats and 23 carparks) at No. 20 Stanley Village Road, Stanley	RP of Rural Building Lot No. 239	Residential	Long Lease	Eastern Tailor Enterprises Limited
Horizon Plaza at No. 2 Lee Wing Street, Ap Lei Chau West, Aberdeen	Ap Lei Chau Inland Lot No. 122	Commercial	Medium Lease	Daily Eagle Development Limited and Double Joy Investment Company Limited

(B) FOR SALE

Description	Lot No.	Type	Approximate Gross Floor Area (sq. ft.)	Registered Owner	Group's Effective Interest (%)
Hong Kong					
Eight Commercial Tower (186 office/industrial units, 69 shops on G/F and 1/F and 162 carparks) at junction of Sun Yip Street and On Yip Street, Chai Wan	Chai Wan Inland Lot No. 144	Office/Industrial Commercial (G/F and 1/F)	238,590 36,853	Keneva Company Limited	25
Fully Building Shop 1 on G/F, 76 Wanchai Road, Wanchai	Subsec. 1 of Sec. A of Marine Lot No. 119; RP of Sec. A of Marine Lot No. 119; RP of Subsec. 1 of Sec. B of Marine Lot No. 119; Subsec. 2 of Sec. B of Marine Lot No. 119; RP of Sec. B of Marine Lot No. 119; and RP of Subsec. 2 of Sec. A of Marine Lot No. 119	Commercial	379	Fupoly Properties Limited	25
Kowloon					
Flat A on G/F, May Wah Court at Nos. 111 – 113 Chatham Road, Tsimshatsui	RP of Kowloon Inland Lot No. 9935 and RP of Kowloon Inland Lot No. 9936	Commercial	2,860	Wah Ha Realty Company Limited	100
New Territories					
Festigood Centre (4 units) at No. 8 Lok Yip Road, On Lok Tsuen, Fanling	Fanling Sheung Shui Town Lot No. 98	Industrial/ Godown	6,784	Festigood Company Limited	100
Delya Industrial Centre (25 units and 18 carparks) at Shek Pai Tau Road, Tuen Mun	Tuen Mun Town Lot No. 164	Industrial/ Godown	25,406	Tinpoly Realty Limited and Delya Realty Limited	50

Principal Properties (CONTINUED)

As at 31st March 2012

(B) FOR SALE (Continued)

Description	Lot No.	Type	Approximate Gross Floor Area (sq. ft.)	Registered Owner	Group's Effective Interest (%)
New Territories (Continued)					
Texaco Road Industrial Centre (27 units and 7 carparks) at Nos. 256-264 Texaco Road, Tsuen Wan	Tsuen Wan Town Lots Nos. 242 and 243	Industrial/ Godown	74,794	Sun Prince Godown Limited and Sun Tai Tsuen Godown Company Limited	50
Wing Kin Industrial Building (workshop on G/F and 6 carparks) at Nos. 4-6 Wing Kin Road, Kwai Chung	Kwai Chung Town Lot No. 273	Industrial	13,456	Tai Kong Shan Realty Limited and Good Fully Realty Limited	50
Good Harvest Centre (17 units and 1 carpark) at No. 33 On Chuen Street, On Lok Tsuen, Fanling	Fanling Sheung Shui Town Lot No. 100	Industrial/ Godown	25,598	Mass Collection Company Limited	50
Tsing Yi Industrial Centre at Nos. 1-33 Cheung Tat Road, Tsing Yi (Phase I: 11 units and 8 carparks) (Phase II: 6 units and 14 carparks)	Tsing Yi Town Lot No. 65	Industrial/ Godown	103,100 (Phase I: 91,644) (Phase II: 11,456)	Sing Mei Properties Limited	25
World Trade Square (159 units and 11 carparks) at No. 21 On Lok Mun Road, On Lok Tsuen, Fanling	Fanling Sheung Shui Town Lot No. 12	Industrial/ Godown	168,556	Kin Yuen Hing Investment Limited and Kin Ngai Enterprises Limited	25

(C) FOR DEVELOPMENT

Description	Lot No.	Type	Approximate Site Area (sq. ft.)	Approximate Gross Floor Area (sq. ft.)	Registered Owner	Group's Effective Interest (%)
Kowloon						
Nos. 16, 16A, 18, 20, 22 and 22A Tak Cheong Lane (17 units) at Yau Ma Tei	RP of Sec. C of Kowloon Inland Lot No. 7305	Residential	3,689	6,054	Star Fortune Investments Limited	50