



華 廈 置 業 有 限 公 司

WAH HA REALTY COMPANY LIMITED

(Stock Code: 278)

## **INTERIM REPORT**

for the six months ended 30 September 2022

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## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

#### ***Executive Directors***

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

#### ***Non-executive Director***

Mr. Ng Kwok Tung

#### ***Independent Non-executive Directors***

Mr. Chan Woon Kong  
Mr. Chan Wing Tat  
Mr. Kok Lap Seng

### **AUDIT COMMITTEE**

Mr. Chan Woon Kong (*Chairman*)  
Mr. Ng Kwok Tung  
Mr. Chan Wing Tat  
Mr. Kok Lap Seng

### **REMUNERATION COMMITTEE**

Mr. Chan Woon Kong (*Chairman*)  
Mr. Ng Kwok Tung  
Mr. Chan Wing Tat  
Mr. Kok Lap Seng

### **NOMINATION COMMITTEE**

Mr. Cheung Kee Wee (*Chairman*)  
Mr. Cheung Lin Wee  
Mr. Chan Woon Kong  
Mr. Chan Wing Tat  
Mr. Kok Lap Seng

### **COMPANY SECRETARY**

Mr. Chu Wing Man, Raymond

### **AUTHORISED REPRESENTATIVES**

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

### **BANKER**

The Bank of East Asia, Limited

### **AUDITOR**

PricewaterhouseCoopers  
Certified Public Accountants  
Registered Public Interest Entity Auditor

### **SHARE REGISTRAR**

Hongkong Managers and Secretaries Limited  
Units 1607-8, 16th Floor  
Citicorp Centre, 18 Whitfield Road  
Causeway Bay, Hong Kong  
Telephone: (852) 3528 0290  
Fax: (852) 2887 2054

### **REGISTERED OFFICE**

Room 2500, Dominion Centre  
43-59 Queen's Road East  
Wanchai, Hong Kong  
Telephone: (852) 2527 1821  
Fax: (852) 2861 3771

### **STOCK CODE**

The Stock Exchange of Hong Kong Limited  
278

### **WEBSITE**

<http://www.wahha.com>

The Board of Directors of Wah Ha Realty Company Limited (the "Company") (the "Board") announces that the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") and its associated companies for the six months ended 30 September 2022, with comparative figures of the previous period, are as follows:

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2022

		Six months ended 30 September	
	Note	2022 HK\$	2021 HK\$
Revenues	5	<b>30,367,740</b>	3,610,955
Changes in fair value of investment properties		<b>(7,100,000)</b>	3,000,000
Net fair value losses on financial assets at fair value through profit or loss		<b>(471,460)</b>	(30,250)
Other (losses)/gains	6	<b>(8,991,163)</b>	1,462,680
Direct outgoings in relation to properties that generate income		<b>(1,389,026)</b>	(843,888)
Cost of sales of completed properties		<b>(1,091,095)</b>	-
Staff costs		<b>(3,792,476)</b>	(3,935,204)
Other operating expenses		<b>(1,175,773)</b>	(969,422)
Operating profit		<b>6,356,747</b>	2,294,871
Share of results of associated companies (including share of fair value loss on investment properties of HK\$13,550,000 (2021: fair value gain on investment properties of HK\$15,500,000))		<b>44,850</b>	33,449,206
Profit before income tax		<b>6,401,597</b>	35,744,077
Income tax (expenses)/credit	7	<b>(3,253,717)</b>	575,706
Profit and total comprehensive income attributable to equity holders of the Company		<b>3,147,880</b>	36,319,783
Earnings per share (Basic and diluted)	8	<b>0.03</b>	0.30
Dividends	9	<b>13,305,600</b>	13,305,600

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**

*As at 30 September 2022*

		<b>30 September</b>	31 March
		<b>2022</b>	2022
	<i>Note</i>	<b>HK\$</b>	<b>HK\$</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties		<b>213,200,000</b>	220,300,000
Investments in associated companies		<b>816,861,758</b>	816,816,908
Deferred income tax assets		<b>6,587,230</b>	6,146,263
		<u><b>1,036,648,988</b></u>	<u>1,043,263,171</u>
<b>Current assets</b>			
Completed properties held for sale		<b>695,374</b>	1,456,911
Amounts due from associated companies	<i>10</i>	<b>38,284,325</b>	38,231,825
Trade and other receivables	<i>11</i>	<b>1,555,188</b>	1,171,858
Income tax recoverable		–	3,029
Financial assets at fair value through profit or loss	<i>12</i>	<b>994,330</b>	1,465,790
Cash and bank balances		<b>277,317,303</b>	277,613,090
		<u><b>318,846,520</b></u>	<u>319,942,503</u>
<b>Total assets</b>		<u><b>1,355,495,508</b></u>	<u>1,363,205,674</u>

		<b>30 September 2022 HK\$</b>	31 March 2022 HK\$
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	13	<b>78,624,000</b>	78,624,000
Retained profits	14		
– Proposed interim dividends	9	<b>13,305,600</b>	–
– Proposed final dividends	9	–	27,820,800
– Others		<b>1,140,829,403</b>	1,150,987,123
		<b>1,154,135,003</b>	1,178,807,923
<b>Total equity</b>		<b>1,232,759,003</b>	1,257,431,923
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		<b>986,879</b>	896,422
<b>Current liabilities</b>			
Amounts due to associated companies	10	<b>113,066,033</b>	98,066,033
Trade and other payables	15	<b>5,082,395</b>	6,811,296
Income tax payable		<b>3,601,198</b>	–
		<b>121,749,626</b>	104,877,329
<b>Total liabilities</b>		<b>122,736,505</b>	105,773,751
<b>Total equity and liabilities</b>		<b>1,355,495,508</b>	1,363,205,674
<b>Net current assets</b>		<b>197,096,894</b>	215,065,174

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

*For the six months ended 30 September 2022*

	Six months ended 30 September	
	2022	2021
	HK\$	HK\$
Total equity at beginning of the period	<b>1,257,431,923</b>	1,259,577,961
Profit and total comprehensive income for the period	<b>3,147,880</b>	36,319,783
Transactions with equity holders Dividends	<b>(27,820,800)</b>	(27,820,800)
Total equity at end of the period	<b><u>1,232,759,003</u></b>	<b><u>1,268,076,944</u></b>

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

*For the six months ended 30 September 2022*

	<b>Six months ended 30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Cash flows from operating activities</b>		
Profit before income tax	<b>6,401,597</b>	35,744,077
Changes in fair value of investment properties	<b>7,100,000</b>	(3,000,000)
Share of results of associated companies	<b>(44,850)</b>	(33,449,206)
Exchange losses/(gains)	<b>8,991,163</b>	(1,462,680)
	<hr/>	<hr/>
<b>Operating profit/(loss) before working capital changes</b>	<b>22,447,910</b>	(2,167,809)
Decrease in completed properties held for sale	<b>761,537</b>	–
Increase in trade and other receivables	<b>(383,330)</b>	(88,507)
Decrease in financial assets at fair value through profit or loss	<b>471,460</b>	30,250
(Decrease)/increase in trade and other payables	<b>(1,728,901)</b>	835,660
	<hr/>	<hr/>
<b>Net cash generated from/(used in) operating activities</b>	<b>21,568,676</b>	(1,390,406)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Cash flows from investing activities</b>		
Fund transfer to associated companies	<b>(52,500)</b>	(5,158,000)
Fund transfer from associated companies	<b>15,000,000</b>	16,138,695
	<hr/>	<hr/>
<b>Net cash generated from investing activities</b>	<b>14,947,500</b>	10,980,695
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Cash flows from financing activity</b>		
Dividends paid to the Company's equity holders	<b>(27,820,800)</b>	(27,820,800)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>8,695,376</b>	(18,230,511)
<b>Cash and cash equivalents at beginning of the period</b>	<b>277,613,090</b>	281,215,187
<b>Exchange (losses)/gains</b>	<b>(8,991,163)</b>	1,462,680
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of the period</b>	<b>277,317,303</b>	264,447,356
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

## **NOTES TO THE INTERIM FINANCIAL INFORMATION**

### **1. GENERAL INFORMATION**

The Company is a limited liability company incorporated in Hong Kong. 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 Group and its associated companies are investment holdings and property development, investment and management in Hong Kong.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The unaudited condensed consolidated interim financial information ("interim financial information") is presented in Hong Kong dollars (HK\$), unless otherwise stated.

After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented across Hong Kong. The Group pays close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group.

As at 30 September 2022, the Group's investment properties were stated at their fair values of approximately HK\$213.2 million. Included in investments in associated companies were the Group's share of fair value of investment properties held by associated companies of approximately HK\$640.1 million. Fair value losses of investment properties of the Group of HK\$7.1 million were accounted for in the Group's condensed consolidated statement of comprehensive income for the six months ended 30 September 2022, while share of associated companies' results also included the Group's share of fair value losses of investment properties held by the associated companies of HK\$13.6 million. The fair value of investment properties was determined after taking into account the impact of COVID-19 outbreak based on information available as at 30 September 2022 by an independent valuer. Given the uncertainty over the length and severity of the COVID-19 outbreak in Hong Kong and ongoing social distance and government directed measures to address the outbreak and its impact to the economy, valuation may change significantly and unexpectedly over a short period of time. Management has been closely monitoring the development of COVID-19 outbreak and considered that, save as discussed above, there is no other matters that would result in a significant adverse impact on the Group's results and financial position as at the reporting date as a result of the COVID-19 outbreak.

The financial information relating to the year ended 31 March 2022 that is included in the interim financial information for the six months ended 30 September 2022 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) (the "Companies Ordinance") is as follows:

The Company has delivered the financial statements for the year ended 31 March 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

This interim financial information was approved for issue by the Board of Directors on 25 November 2022.

## **2. BASIS OF PREPARATION**

This interim financial information for the six months ended 30 September 2022 has been prepared in accordance with Hong Kong Accounting Standard 34, 'Interim Financial Reporting'. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and disclosure requirements of the Stock Exchange, and any public announcements made by the Company during the interim reporting period.

## NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

### 2. BASIS OF PREPARATION (Continued)

The accounting policies and methods of computation applied in the preparation of the interim financial information are consistent with those applied in the annual financial statements for the year ended 31 March 2022, except as stated below.

#### **(a) *New and amended standards adopted by the Group***

The following amended standards became applicable for the current reporting period:

Annual improvements projects	Annual improvements to HKFRSs 2018–2020
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments
Accounting Guideline 5 (revised)	Revised accounting guideline 5 – merger accounting for common control combinations

The adoption of the above amended standards did not have any significant impact on the results and financial position of the Group and no retrospective adjustments are required.

#### **(b) *New standards, amendments to standards and interpretation that have been issued but are not yet effective***

A number of new standards, amendments to standards and interpretation have been issued but are not effective for the year beginning on or after 1 April 2022 and have not been early adopted by the Group. The Group is in the process of making an assessment of the impact of these new and amended standards upon initial application, and has concluded on a preliminary basis that the adoption of these new and amended standards and interpretation is not expected to have any significant impact on the Group's results of operations and financial position.

**3. FINANCIAL RISK MANAGEMENT**

All aspects of the financial risk management objectives and policies of the Group are consistent with those disclosed in the annual consolidated financial statements for the year ended 31 March 2022.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements used 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 applied in the preparation of the interim financial information are consistent with those used in the annual consolidated financial statements for the year ended 31 March 2022.

**5. REVENUES AND SEGMENTAL INFORMATION**

The principal activities of the Group include those relating to investment holdings, 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, financial assets at fair value through profit or loss, receivables, completed properties held for sale and cash and bank balances and exclude items such as associated companies, income tax recoverable and deferred income tax assets. Segment liabilities comprise operating liabilities and exclude items such as income tax payable, unpaid dividend and deferred income tax liabilities.

**NOTES TO THE INTERIM FINANCIAL INFORMATION** (Continued)

**5. REVENUES AND SEGMENTAL INFORMATION** (Continued)

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>HK\$</b>	<b>HK\$</b>
Rental income	<b>2,196,727</b>	1,327,520
Bank interest income	<b>2,308,689</b>	1,469,708
Dividend income – Listed investments	<b>1,798</b>	1,781
Revenue under HKFRS 15		
<i>Recognised at point in time</i>		
Sales of completed properties held for sale	<b>25,000,000</b>	–
<i>Recognised over time</i>		
Management fee income	<b>860,526</b>	811,946
	<b>30,367,740</b>	3,610,955

The segment results for the six months ended 30 September 2022 are as follows:

	Property development, investment and management HK\$	Investments HK\$	Total HK\$
Bank interest income	–	2,308,689	2,308,689
Rental income	2,196,727	–	2,196,727
Sales of completed properties held for sale	25,000,000	–	25,000,000
Management fee income	860,526	–	860,526
Other revenues	–	1,798	1,798
Revenues	<u>28,057,253</u>	<u>2,310,487</u>	<u>30,367,740</u>
Segment results	<u>17,597,513</u>	<u>(7,152,136)</u>	<u>10,445,377</u>
Unallocated costs			<u>(4,088,630)</u>
Operating profit			6,356,747
Share of results of associated companies	44,850	–	<u>44,850</u>
Profit before income tax			6,401,597
Income tax expenses			<u>(3,253,717)</u>
Profit attributable to the equity holders of the Company			<u>3,147,880</u>
Changes in fair value of investment properties	(7,100,000)	–	(7,100,000)
Net fair value losses on financial assets at fair value through profit or loss	–	(471,460)	<u>(471,460)</u>

The segment assets and liabilities at 30 September 2022 are as follows:

	Property development, investment and management HK\$	Investments HK\$	Total HK\$
Segment assets	252,844,860	279,201,660	532,046,520
Associated companies	816,861,758	–	816,861,758
Unallocated assets			<u>6,587,230</u>
Total assets			<u>1,355,495,508</u>
Segment liabilities	115,703,102	–	115,703,102
Unallocated liabilities			<u>7,033,403</u>
Total liabilities			<u>122,736,505</u>

**NOTES TO THE INTERIM FINANCIAL INFORMATION** (Continued)

**5. REVENUES AND SEGMENTAL INFORMATION** (Continued)

The segment results for the six months ended 30 September 2021 are as follows:

	Property development, investment and management HK\$	Investments HK\$	Total HK\$
Bank interest income	–	1,469,708	1,469,708
Rental income	1,327,520	–	1,327,520
Management fee income	811,946	–	811,946
Other revenues	–	1,781	1,781
Revenues	<u>2,139,466</u>	<u>1,471,489</u>	<u>3,610,955</u>
Segment results	<u>3,359,108</u>	<u>2,903,919</u>	<u>6,263,027</u>
Unallocated costs			<u>(3,968,156)</u>
Operating profit			2,294,871
Share of results of associated companies	33,449,206	–	<u>33,449,206</u>
Profit before income tax			35,744,077
Income tax credit			<u>575,706</u>
Profit attributable to the equity holders of the Company			<u>36,319,783</u>
Changes in fair value of investment properties	3,000,000	–	3,000,000
Net fair value losses on financial assets at fair value through profit or loss	–	(30,250)	<u>(30,250)</u>

The segment assets and liabilities at 31 March 2022 are as follows:

	Property development, investment and management HK\$	Investments HK\$	Total HK\$
Segment assets	260,727,408	279,512,066	540,239,474
Associated companies	816,816,908	–	816,816,908
Unallocated assets			<u>6,149,292</u>
Total assets			<u>1,363,205,674</u>
Segment liabilities	102,833,097	–	102,833,097
Unallocated liabilities			<u>2,940,654</u>
Total liabilities			<u>105,773,751</u>

6. OTHER (LOSSES)/GAINS

	Six months ended 30 September	
	2022	2021
	<i>HK\$</i>	<i>HK\$</i>
Net exchange (losses)/gains	<b><u>(8,991,163)</u></b>	<u>1,462,680</u>

7. INCOME TAX (EXPENSES)/CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the Group's estimated assessable profit for the period.

	Six months ended 30 September	
	2022	2021
	<i>HK\$</i>	<i>HK\$</i>
Hong Kong profits tax		
Provision for the period	<b>(3,604,227)</b>	(2,137)
Deferred income tax credit	<b><u>350,510</u></b>	<u>577,843</u>
	<b><u>(3,253,717)</u></b>	<u>575,706</u>

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the profit attributable to equity holders of the Company of HK\$3,147,880 (2021: HK\$36,319,783) and on 120,960,000 shares (2021: 120,960,000 shares) in issue during the period. The diluted earnings per share equals to the basic earnings per share since there are no dilutive potential shares in issue during both periods.

**NOTES TO THE INTERIM FINANCIAL INFORMATION** (Continued)

**9. DIVIDENDS**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>HK\$</b>	<i>HK\$</i>
Interim dividend declared of HK11 cents (2021: HK11 cents) per share	<b><u>13,305,600</u></b>	<u>13,305,600</u>

The Board of Directors has resolved to declare an interim dividend of HK11 cents per share for the six months ended 30 September 2022 (2021: HK11 cents) payable on Thursday, 19 January 2023 to equity holders whose names appear on the Register of Members of the Company on Friday, 6 January 2023.

**10. ASSOCIATED COMPANIES**

	<b>30 September</b>	31 March
	<b>2022</b>	2022
	<b>HK\$</b>	<i>HK\$</i>
Amounts due from associated companies	<b><u>38,284,325</u></b>	<u>38,231,825</u>
Amounts due to associated companies	<b><u>(113,066,033)</u></b>	<u>(98,066,033)</u>

Amounts due from/to associated companies are unsecured, interest free and have no specific repayment terms.

The financial positions and performances of the associated companies are regularly monitored and reviewed by management of the Group and the credit risk are considered to be low. There is no loss allowance as at 30 September 2022 (31 March 2022: Same) for the amounts due from associated companies.

## 11. TRADE AND OTHER RECEIVABLES

	30 September 2022 HK\$	31 March 2022 HK\$
Trade receivables		
Within 3 months (based on debit note date)	497,324	453,428
4-6 months	–	15,000
Other receivables	890,120	433,194
Prepayments and utility deposits	167,744	270,236
	<u>1,555,188</u>	<u>1,171,858</u>

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

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2022 HK\$	31 March 2022 HK\$
Listed shares – Overseas	<u>994,330</u>	<u>1,465,790</u>

## 13. SHARE CAPITAL

	30 September 2022 HK\$	31 March 2022 HK\$
<i>Issued and fully paid:</i>		
120,960,000 ordinary shares	<u>78,624,000</u>	<u>78,624,000</u>

**NOTES TO THE INTERIM FINANCIAL INFORMATION** (Continued)

**14. RETAINED PROFITS**

	<i>HK\$</i>
At 31 March 2021	1,180,953,961
Profit for the period	36,319,783
Dividends	(27,820,800)
	1,189,452,944
At 30 September 2021	1,189,452,944
At 31 March 2022	1,178,807,923
Profit for the period	3,147,880
Dividends	(27,820,800)
	1,154,135,003
<b>At 30 September 2022</b>	<b>1,154,135,003</b>

**15. TRADE AND OTHER PAYABLES**

	<b>30 September 2022 HK\$</b>	31 March 2022 <i>HK\$</i>
Trade payables		
Within 3 months (based on invoice date)	–	1,900
Other payables	<b>2,556,234</b>	2,045,148
Rental and utility deposits received	<b>914,972</b>	939,472
Receipts in advance	–	2,500,000
Accrued expenses	<b>1,611,189</b>	1,324,776
	<b>5,082,395</b>	6,811,296
	<b>5,082,395</b>	6,811,296

## 16. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

An analysis of the Group's financial assets and financial liabilities stated at fair value, based on the degree to which their fair values are observable and grouped into Levels 1 to 3, is as follows:

- Level 1 — unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 — value inputs, other than quoted prices, that are observable either directly or indirectly
- Level 3 — value inputs that are not based on observable market data

At 30 September 2022, the Group's financial assets at fair value through profit or loss are Level 1 instruments.

There were no transfers between Levels 1 and 2 during the period.

There were no changes in valuation techniques during the period.

At the period end date, the carrying amounts of the Group's other financial assets and financial liabilities approximated their fair values.

Fair values are determined based on quoted market price, otherwise, with reference to professional valuations and/or estimations that take into account assumptions and estimates on factors affecting the value of the financial instruments and change of such assumptions and estimates to reasonably possible alternatives would not have material effect on the Group's results for the period and financial position at the period end date.

## 17. 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 period:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>HK\$</b>	<b>HK\$</b>
Key management compensation		
Directors' emoluments	<b>1,050,000</b>	1,050,000

The Group is not charged for office space and office furniture and fixtures provided by a related company.

## **NOTES TO THE INTERIM FINANCIAL INFORMATION** (Continued)

### **18. EVENTS AFTER THE BALANCE SHEET DATE**

On 2 September 2022, an associated company of the Group entered into a preliminary agreement with an independent third party, for which the Company agreed to dispose of its entire properties held for development to the third party at an aggregate consideration of approximately HK\$78 million. The transaction is expected to be completed in December 2022 with an estimated profit attributable to the Group of approximately HK\$0.4 million.

Subsequent to the announcements of the Company dated 10 June 2022 and 20 June 2022, the Company received a letter from the Listing Committee on 2 September 2022 notifying the Company that the Listing Committee, having considered all the submissions (both written and oral) made by the Company and the Listing Division, decided to uphold the decision in the letter dated 10 June 2022 to suspend trading in the Company's shares under Rules 6.01(3) and 6.01(4) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") (the "LC Decision"). The Listing Committee was of the view that the Company (i) failed to maintain a sufficient level of operations and assets of sufficient value to support its operations as required under Rule 13.24 of the Listing Rules; and (ii) was not suitable for continued listing. According to the announcement dated 14 September 2022, the Company has decided not to apply for a review of the LC Decision, trading in the shares of the Company on the Stock Exchange was suspended with effect from 15 September 2022.

On 6 October 2022, the Company received a letter from the Stock Exchange setting out the resumption guidance for resumption of trading in the Company's shares. The Company must meet all resumption guidance, remedy the issues causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange's satisfaction before trading in its securities is allowed to resume. Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months.

## **INTERIM DIVIDEND**

The Board has resolved to declare an interim dividend of HK11 cents per share for the six months ended 30 September 2022 (2021: HK11 cents) payable on Thursday, 19 January 2023 to equity holders whose names appear on the Register of Members of the Company on Friday, 6 January 2023.

## **CLOSURE OF REGISTER OF MEMBERS**

The Transfer Books and Register of Members of the Company will be closed from Thursday, 29 December 2022 to Friday, 6 January 2023, both days inclusive, during which period no transfer of shares will be registered.

To qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrar, Hongkong Managers and Secretaries Limited at Units 1607-8, 16th Floor, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong not later than 4:00 p.m. on Wednesday, 28 December 2022.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial Results**

For the period under review, the Group's unaudited profit attributable to equity holders of the Company amounted to HK\$3.1 million as compared to HK\$36.3 million in the corresponding period in 2021. Amongst these, HK\$3.1 million (2021: HK\$2.9 million) came from the Group. This significant decline in net profit was mainly attributable to a fair value losses of HK\$20.7 million being recorded upon the revaluation of the Group's and its associated companies' investment properties versus a fair value gains of HK\$18.5 million in the last corresponding period. Further, the last corresponding period's exchange gains from RMB for HK\$1.5 million was replaced by the current reporting period's exchange losses of HK\$9.0 million. On the other hand, the Group's and its share of the realised profits from the sales of properties outperformed that of the last corresponding period by HK\$15.4 million. Benefiting from better bank deposit rates, interest income was higher than that of the last corresponding period by HK\$0.8 million. Finally, the slight improvement of the rental business was eroded by the decline in performance of the investment portfolio.

## **MANAGEMENT DISCUSSION AND ANALYSIS** (Continued)

### **Business Review**

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

During the period under review, although rental concessions and higher vacancy were still the main theme in the property market, the downside pressure on our rental business seemed to have stabilised. The contribution of our rental business was comparable to that of the last corresponding period and a slight improvement of HK\$0.5 million was reported.

During the period under review, a subsidiary of the Group disposed of its interest in 1 workshop and 2 carparks at Kwai Chung. Further, an associated company disposed of its interest in 4 industrial units in Fanling. The aggregate net profit derived from these disposals amounted to HK\$22.1 million whereas a net profit of HK\$6.7 million was recorded for the last corresponding period.

During the period under review, an associated company has entered into an agreement to dispose of all its units in Yau Ma Tei. The disposal, if completed, would bring along an estimated profit of about HK\$0.4 million.

Subsequent to the period under review, the above first-mentioned associated company further disposed of its interest in 1 industrial unit in Fanling and the estimated net profit was about HK\$0.5 million.

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

#### ***Investments***

During the period under review, the global consecutive interest rate hikes affected the valuation of financial assets. The value of the Group's investment portfolio was lower than that of the last corresponding period by HK\$0.4 million. For RMB, the rebound of the exchange rate of RMB/HK\$ in the last year was replaced by a significant drop in the said exchange rate. An exchange losses of HK\$9.0 million for the period under review instead of an exchange gains of HK\$1.5 million for the last corresponding period was reported. Conversely, the global interest rate hikes pushed up the bank deposit rates. Our interest income was HK\$0.8 million higher than that of the last corresponding period.

## Prospects

For the period under review, the local economy exhibited weakness and negative growth of GDP for three consecutive quarters was reported. A year-on-year negative GDP growth of 4.5% for the 3rd Quarter of 2022 was recorded. There were no growth in the private consumption expenditure in real term for the last two quarters. The seasonally adjusted unemployment rate for the latest quarter, on the other hand, was at a relatively low level of 3.8%. Both the levels of the imports and exports had declined for months and the respective decreases for September 2022 were 7.8% and 9.1%. Inflation of 1.8% as reflected by the Composite Consumer Price Index for October 2022 was reported.

The global economy is clouded with high inflation and the consequential upsurges of interest rates. Inevitably, Hong Kong has followed tightening measures on the back of HK\$ being pegged with US\$. The prime rate has been raised by 0.375% in two consecutive rounds. Although the Hong Kong Government has adjusted its quarantine measures to cope with the easing COVID-19 pandemic situation in recent months, recovery of the local economy is still way ahead. Local retail sales still stay at low levels since the outbreak of the Fifth Wave of the COVID-19. Our property related business has been struggling at the bottom. Requests for rental concessions are still common. The outlook for the local economy remains uncertain. The Group should act patiently and cautiously to tackle the problems brought about by the unpredictable future.

## Employment and Remuneration Policies

As at 30 September 2022, the Group had less than twenty employees and their remuneration is maintained at competitive levels. Total staff costs (including Directors' remuneration) amounted to HK\$3.8 million (2021: HK\$3.9 million). Remuneration policies are reviewed regularly by the Board and by the Remuneration Committee regarding Directors and senior management. Employees' salaries are determined on performance basis with reference to the market trend. In addition, discretionary bonuses are granted to eligible employees with reference to the Group's results and individual performance. Other benefits include education and training subsidies, medical and retirement benefits and paid leaves.

## **MANAGEMENT DISCUSSION AND ANALYSIS** (Continued)

### **Liquidity and Financial Resources**

The Group is virtually debt-free and generally finances its operations with internally generated cash flows. The gearing ratio of the Group was zero (2021: zero). The gearing ratio, if any, is calculated as the ratio of net bank borrowings to shareholders' funds. The Group's cash and cash equivalents amounted to HK\$277.3 million at 30 September 2022 (31 March 2022: HK\$277.6 million). 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.

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

As at 30 September 2022, the interests and short positions of the Directors and Chief Executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to 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	14,394,800	—	480,000 <i>(Note 2)</i>	14,874,800	12.30
Cheung Ying Wai, Eric	14,232,800	—	—	14,232,800	11.77

*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 480,000 shares were beneficially held by Ms. Wu Suet Yi, Rita, the spouse of Mr. Cheung Lin Wee (“CLW”).

Save as disclosed above, as at 30 September 2022, 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 30 September 2022, 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**

	<b>Number of shares</b>	<b>% of issued share capital</b>
<b>Substantial Shareholders:</b>		
Chin Lan Hong, deceased	32,162,800 <i>(Note 1)</i>	26.59
Kung So Ha, Anne	15,150,160 <i>(Note 2)</i>	12.52
Biochoice Limited	15,150,160 <i>(Note 3)</i>	12.52
Humphrey Group Limited	15,150,160 <i>(Note 3)</i>	12.52
Wu Suet Yi, Rita	14,874,800 <i>(Note 4)</i>	12.30
Hoh Kwok Hing, Corinne	14,232,800 <i>(Note 5)</i>	11.77
<b>Persons other than Substantial Shareholders:</b>		
Megabest Securities Limited	11,295,600 <i>(Note 6)</i>	9.34
Profit-taking Company Inc.	11,295,600 <i>(Note 6)</i>	9.34
Pullfield Company Limited	11,295,600 <i>(Note 6)</i>	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, deceased (“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. CLH is the late mother of CKW, CLW and Mr. Cheung Ying Wai, Eric (“CYW”), all are the Executive Directors of the Company. CKW, CLW and CYW are named executors under the Will of CLH. Probate of the Estate of CLH was granted by the High Court of Hong Kong on 19 July 2022.
- (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 through Humphrey, the registered owner of the said 15,150,160 shares. CKW and her spouse are directors of Biochoice and Humphrey.
- (4) Out of the 14,874,800 shares, 480,000 shares were beneficially held by Ms. Wu Suet Yi, Rita, and Ms. Wu was taken to be interested in the remaining 14,394,800 shares in which her spouse CLW was interested under the SFO.
- (5) Ms. Hoh Kwok Hing, Corinne is the wife of CYW 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. CKW, CLW and CYW are directors of Megabest, Profit-taking and Pullfield.

Save as disclosed above, as at 30 September 2022, 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.

## **UPDATES ON THE DECISION OF THE STOCK EXCHANGE ON RULE 13.24 OF THE LISTING RULES**

Subsequent to the Review Hearing of the Listing Committee held on 23 August 2022, the Company received a letter from the Listing Committee on 2 September 2022 notifying the Company that the Listing Committee, having considered all the submissions (both written and oral) made by the Company and the Listing Division, decided to uphold the decision of the Listing Division to suspend trading in the Company's shares under Rules 6.01(3) and 6.01(4) of the Listing Rules (the "LC Decision").

By an announcement of the Company dated 2 September 2022, the Company reported the details of the LC Decision and the Company's decision of not applying for a review of the LC Decision. Accordingly, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 15 September 2022 and shall remain suspended until further notice. Pursuant to Rule 6.01A of the Listing Rules, the Company shall have a period of 18 months from 15 September 2022 to take appropriate actions to demonstrate its compliance with Rule 13.24 of the Listing Rules, failing which the Stock Exchange may cancel the listing of the Company's shares. Further announcement(s) will be made by the Company as and when appropriate and in compliance with the requirements under the Listing Rules.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

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

## **CORPORATE GOVERNANCE CODE**

The Company is committed to maintain high standards of corporate governance. Throughout the six months ended 30 September 2022, the Company has applied and complied with the code provisions contained in the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Listing Rules, except for the code provision C.2.1 in respect of the roles of the Chairman and Chief Executive of the Company ("CE"). The considered reasons for this deviation are explained below:-

Under the code provision C.2.1 of the CG Code, the roles of the Chairman and CE 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 CE in the Company. The roles of the CE are performed by all the Executive Directors of the Company with clear division of responsibilities under the leadership of the Chairman. The Board considers that this arrangement allows contributions from all Executive Directors with different expertise and can ensure the balance of power and authority between the Board and the management of the Group. The Board therefore believes that this structure can enable the Group to make and implement decisions promptly and efficiently and is beneficial to the business prospect of the Group.

## **MODEL CODE**

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its Code of Conduct for dealing in securities of the Company by the Directors. All Directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2022.

## **CHANGES IN INFORMATION OF THE DIRECTORS**

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in information on the Directors required to be disclosed subsequent to the date of the 2022 Annual Report of the Company is shown as follows:

Mr. Au-Yang Cheong Yan, Peter tendered his resignation as an Independent Non-executive Director, the chairman of the Audit Committee as well as a member of each of the Remuneration Committee and the Nomination Committee of the Company with effect from 1 November 2022 due to his other commitments.

## **AUDIT COMMITTEE**

Subsequent to the resignation of Mr. Au-Yang Cheong Yan, Peter with effect from 1 November 2022, the Audit Committee currently consists of three Independent Non-executive Directors, namely Messrs Chan Woon Kong (Chairman), Chan Wing Tat and Kok Lap Seng and one Non-executive Director, namely Mr. Ng Kwok Tung. The Group's financial information for the six months ended 30 September 2022 has been reviewed by the Audit Committee of the Company and by the Company's Auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has no reservation on the accounting treatments adopted by the Group.

By Order of the Board  
**Wah Ha Realty Company Limited**  
**Raymond W. M. Chu**  
*Company Secretary*

Hong Kong, 25 November 2022