



華 廈 置 業 有 限 公 司

WAH HA REALTY COMPANY LIMITED

(Stock Code: 278)

2023 ANNUAL REPORT

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Corporate Information

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Cheung Kee Wee, BBA, Chairman

Aged 71. Joined the Group and appointed a director in 1976. Elected Chairman in 2000. Elected as Chairman of the Nomination Committee in 2012. A director in each of the subsidiaries. Has over 45 years' extensive 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 65. Joined the Group and appointed a director in 1985. Appointed a member of the Nomination Committee in 2012. A director in each of the subsidiaries. Has over 35 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 61. Joined the Group and appointed a director in 1999. A director in each of the subsidiaries. Has over 20 years' experience in business management. Mainly responsible for the general management of the Group. Brother of Messrs Cheung Kee Wee and Cheung Lin Wee.

Non-executive Director

Mr. Ng Kwok Tung, LIA (Dip), Chinese Law (Dip), BCom, CPA (Practising), CPACA, FCPA, ATIIHK, MSCA, R.F.P.

Aged 72. Appointed an independent non-executive director in 2001 and re-designated as a non-executive director in 2004. Also appointed a member of each 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.

Independent Non-executive Directors

Mr. Chan Woon Kong

Aged 89. Appointed a director in 2004. Appointed a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee in 2004, 2005 and 2012 respectively. Also appointed the chairman of the Remuneration Committee in 2015 and the chairman of the Audit Committee in November 2022. Has over 45 years' extensive experience in the banking industry in Hong Kong. Before his retirement in 2012, served in senior management of various banks including Far East Bank Limited, First Pacific Bank Limited, The Bank of East Asia, Limited, United Commercial Bank and East West Bank in Hong Kong.

Mr. Chan Wing Tat, BA (Geography and Geology)

Aged 78. Appointed a director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee in 2021. Has over 40 years of experience in marketing, advertising and management. The founder and executive director of his own full service advertising agency, Compu-AD Centre Limited which used to be a member of The Association of Accredited Advertising Agencies of Hong Kong (HK4As). In his 40-50's, was a member of the Rotary Club Northeast, serving the underprivileged of the community. Was elected Chairman (2017-2019) of the Min Chiu Society, an exclusive club for accomplished collectors dedicated to the appreciation and promotion of Chinese art and culture. Was nominated member of the HK Palace Museum Acquisition Committee in 2022.

Mr. Kok Lap Seng, LLB, PCLL

Aged 61. Appointed a director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee in 2021. A practicing solicitor in Hong Kong since 1987 and a China Appointed Attesting Officer since 1995. A partner of Messrs. Kok & Ha, Solicitors. Active in community and social involvements, being the Chairman of Infinite Compassion Foundation Limited, a charitable body in Hong Kong and a benefactor of various social and religious bodies.

Corporate Information *(CONTINUED)*

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
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REGISTERED OFFICE

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STOCK CODE

The Stock Exchange of Hong Kong Limited
278

WEBSITE

<http://www.wahha.com>

Group Structure

As at 31 March 2023

	Effective percentage of equity held by the Group	Principal activities
Holding Company		
Wah Ha Realty Company Limited	–	Investment holding
Subsidiaries		
Galy Property Management Limited	100	Property management
Khanman Property Limited	100	Property investment
Tai Kong Shan Realty Limited	100	Property investment
Wah Ha Construction Company Limited	100	Building contractor
WH Properties Limited	100	Property investment
Associated Companies		
Daily Eagle Development Limited	25	Property development
Fu Kung San Realty Limited	50	Investment holding
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
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

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 31 March 2023 amounted to HK\$19,756,175 (2022: HK\$38,980,362). Earnings per share for the year was HK\$0.16 (2022: HK\$0.32).

DIVIDENDS

The board of directors of the Company (the "Directors") (the "Board") has resolved to recommend a final dividend of HK11 cents (2022: HK11 cents) per share and a special dividend of HK12 cents (2022: HK12 cents) per share for the year ended 31 March 2023 to the shareholders of the Company (the "Shareholders") whose names appear on the Register of Members of the Company on Wednesday, 27 September 2023. Together with the interim dividend of HK11 cents (2022: HK11 cents) per share, total dividends for the year amount to HK34 cents (2022: HK34 cents) per share.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Group's revenues for the year ended 31 March 2023 amounted to HK\$38.6 million, 4.9 times of that of the previous year. This significant increase was mainly attributable to the sales proceeds from the Group's disposal of interest in a completed properties held for sale, coupled with improvements in rental income and interest income for HK\$1.1 million and HK\$4.3 million respectively.

For the year under review, the Group's profit attributable to equity holders was HK\$19.8 million, representing a decrease of 49.3% from 2022. Though the contribution from the Group improved to HK\$8.0 million (2022: HK\$0.4 million), the Group's share of the results of its associated companies dropped to HK\$11.7 million (2022: HK\$38.6 million). Earnings per share was HK\$0.16 as compared to HK\$0.32 of the last year. The significant decrease in the profit attributable to equity holders was mainly caused by the fair value losses of HK\$20.8 million recorded from the revaluations of the Group's and its associated companies' investment properties (2022: gains of HK\$3.0 million). Further, the aggregate realised profits from the sales of properties of the Group and its share of associated companies was HK\$9.0 million higher than that of the last year. Interest income and the results of our investment portfolio were higher than those of the last year by HK\$4.3 million and HK\$0.5 million respectively. Our rental business struggled in the weak local economy and a better contribution of HK\$0.8 million was recorded. On the other hand, last year's strength in the exchange rate of RMB/HK\$ no longer exists and an unfavourable exchange difference of HK\$9.7 million was reported for the year under review.

BUSINESS REVIEW

Property Development, Investment and Management

During the year under review, amidst the weakness of the local economy, the Group's and its associated companies' rental income experienced a slight improvement in operation. The overall contribution to the Group's net profit rose by HK\$0.8 million.

During the year under review, a subsidiary disposed of its interest in 1 workshop and 2 carparks in Kwai Chung. An associated company disposed of its interest in 5 industrial units in Fanling. Another associated company disposed of all its units in Yau Ma Tei. The net profit derived from these disposals was HK\$23.1 million.

Subsequent to the year under review, the first mentioned associated company disposed of its interest in 1 industrial unit in Fanling and entered into an agreement to further dispose of its interest in another industrial unit in Fanling.

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

Investments

During the year under review, the performance of the Group's investment portfolio was similar to that of the last year. RMB experienced a sharp decline on the back of a stronger US\$. Exchange losses instead of gains was reported. An unfavourable exchange differences of HK\$9.7 million was resulted. Benefiting from the global interest rate hikes to curb the upsurging inflation, bank deposit rates rose. Our interest income was HK\$4.3 million higher than that of the last corresponding year.

Chairman's Statement *(CONTINUED)*

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

PROSPECTS

In Hong Kong, the economy suffered from the Fifth Wave of COVID-19. In the United States, the Federal Reserve implemented stringent measures such as lifting the interest rate and balance sheet normalization to curb the surging inflation. Volatility in financial markets led to the collapses of certain small/medium-sized banks. Some commentators predicted that the interest hike cycle would end within the following one or two months. There were however worries of the sustained high interest rate environment and the likelihood of recession. On the other hand, China has taken steps to boost its economy in the post-COVID-19 period.

For the year under review, the local economy struggled from the bottom of the Fifth Wave of COVID-19. After negative growths in GDP and private consumption expenditure in a series of quarters, positive growths of 2.7% and 13.0% respectively were reported in the 1st Quarter of 2023 upon the re-opening of the borders. The seasonally adjusted unemployment rate for March to May 2023 stayed at a relatively low level of 3.0%. Inflation as reflected by the Composite Consumer Price Index for May 2023 was 2.0%. While negative growths in imports and exports were observed for almost one year, the volume of retail sales picked up again this year. Our rental business, however, does not benefit significantly from the rising retail sales.

The recovery of the local economy is clouded with uncertainties brought about by the global lacklustre economy. We should be cautious in employing our precious resources in an effective and efficient way so as to deliver sustainable returns to the Shareholders.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2023, the Group had less than twenty employees and their remuneration are maintained at competitive levels. Total staff costs (including Directors' remuneration) amounted to HK\$8.6 million (2022: HK\$8.6 million). Remuneration policies are reviewed regularly by the Board and by the Remuneration Committee of the Company 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.

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 (2022: 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\$313.9 million at 31 March 2023 (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, other than its bank deposits in RMB, 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, business partners and customers for their continued support and our management team and entire staff for their hard work and dedication. I would also like to express my heartfelt gratitude to my fellow Directors for their guidance and invaluable contribution.

Cheung Kee Wee

Chairman

Hong Kong, 29 June 2023

Report of the Directors

The Directors have pleasure in submitting their report together with the audited financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2023.

PRINCIPAL ACTIVITIES

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

SEGMENT INFORMATION

An analysis of the Group’s turnover and results by principal activities for the year is shown in Note 27 to the consolidated financial statements.

RESULTS

Results of the Group for the year ended 31 March 2023 are shown on page 71.

DIVIDEND

The Board has resolved to recommend at the forthcoming annual general meeting of the Company (“AGM”) to be held on Tuesday, 12 September 2023 a final dividend of HK11 cents (2022: HK11 cents) per share and a special dividend of HK12 cents (2022: HK12 cents) per share for the year ended 31 March 2023 to be paid on Friday, 6 October 2023 to the Shareholders whose names appear on the Register of Members of the Company on Wednesday, 27 September 2023.

Together with the interim dividend of HK11 cents (2022: HK11 cents) per share paid on Thursday, 19 January 2023, total dividends for the year will amount to HK34 cents (2022: HK34 cents) per share.

DIVIDEND POLICY

The Company has adopted the dividend policy which sets out the guidelines for the Board to determine (i) whether dividends are to be declared and paid, and (ii) the level of dividend to be paid to the Shareholders. The Directors consider stable and sustainable returns to the Shareholders to be one of our objectives.

The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the Company’s Articles of Association (the “Company’s Articles”) and all applicable laws, rules and regulations of Hong Kong. The Company normally pays dividends twice a year, comprising the interim dividend and final dividend. The Board may declare special dividends in addition to such dividends as it considers appropriate.

In considering the frequency, amount and form of any dividend to the Shareholders, the Board shall take into account, inter alia, the following factors:

1. the liquidity position of the Group, retained earnings and distributable reserves of the Company;
2. the actual and expected financial results of the Group;
3. the business conditions and strategies of the Company;
4. the capital requirements and expenditure plans of the Group;
5. the interests of the Shareholders;
6. the general economic conditions and other internal or external factors that may have an impact on the business and financial position of the Company; and
7. any other factors that the Board may consider relevant.

Pursuant to the Company's Articles and the Hong Kong Companies Ordinance (Chapter 622) (the "Companies Ordinance"), the Company may distribute dividends by way of cash or scrip or by other means as the Board considers appropriate.

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 124.

Report of the Directors *(CONTINUED)*

RESERVES

Details of the movements in reserves of the Group and of the Company during the year are shown in Note 22 and Note 28(b) to the consolidated financial statements.

DISTRIBUTABLE RESERVES

The Company considers the cumulative gains on revaluation of investment properties of HK\$68,635,540 (2022: HK\$70,635,540) included in retained profits are non-distributable as they do not constitute realised profits. As at 31 March 2023, the Company's reserves available for distribution to Shareholders as calculated in accordance with the provisions of Sections 297 and 298 of the Companies Ordinance amounted to HK\$256,960,297 (2022: HK\$279,110,918).

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 126 to 128.

SHARES ISSUED

Details of the shares issued by the Company during the year are set out in Note 21 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 Director

Mr. Ng Kwok Tung

Independent Non-executive Directors

Mr. Chan Woon Kong

Mr. Au-Yang Cheong Yan, Peter (*resigned with effect from 1 November 2022*)

Mr. Chan Wing Tat

Mr. Kok Lap Seng

In accordance with Article 99(A) of the Company's Articles, Mr. Chan Wing Tat, Mr. Kok Lap Seng and Mr. Cheung Ying Wai, Eric will retire from office by rotation at the forthcoming AGM and they, being eligible, offer themselves for re-election.

The Company has received from each Independent Non-executive Director of the Company ("INED") an annual confirmation of his independence pursuant to the independence guidelines under Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), and considers that all the INEDs are independent.

During the year and up to the date of this report, all the Executive Directors of the Company ("EDs") have served on the boards of all subsidiaries of the Company.

CHANGES IN INFORMATION OF THE DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, there is no change in information on the Directors required to be disclosed subsequent to the date of the 2022/2023 Interim Report of the Company.

DIRECTORS' SERVICE CONTRACTS

None of the Directors 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.

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.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year.

Report of the Directors *(CONTINUED)*

LOANS TO OFFICERS

No loans to the Company's officers (within the meaning of the Companies Ordinance) were made and outstanding at any time during the year or at the end of the year.

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 THE FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' remuneration and 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' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Save for those "Significant Related Party Transactions" described in Note 26 to the consolidated financial statements, no transactions, arrangement and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company and the Directors' connected parties 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

Neither the Company nor any of its subsidiaries was 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 at any time during the year or at the end of the year.

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

As at 31 March 2023, 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 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	4,173,440	15,150,160 (Note 1)	–	19,323,600	15.98
Cheung Lin Wee	22,741,680	–	480,000 (Note 2)	23,221,680	19.20
Cheung Ying Wai, Eric	22,579,680	–	–	22,579,680	18.67

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 31 March 2023, 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.

Report of the Directors (CONTINUED)

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

So far as is known to the Directors or Chief Executives of the Company, as at 31 March 2023, 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, deceased	11,295,600 (Note 1)	9.34
Kung So Ha, Anne	19,323,600 (Note 2)	15.98
Biochoice Limited	15,150,160 (Note 3)	12.52
Humphrey Group Limited	15,150,160 (Note 3)	12.52
Wu Suet Yi, Rita	23,221,680 (Note 4)	19.20
Hoh Kwok Hing, Corinne	22,579,680 (Note 5)	18.67
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) These 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. CLH is the late mother of CKW, CLW and Mr. Cheung Ying Wai, Eric (“CYW”), all are the EDs.
- (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. The 15,150,160 shares out of 19,323,600 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 his spouse are directors of Biochoice and Humphrey.
- (4) Out of the 23,221,680 shares, 480,000 shares were beneficially held by Ms. Wu Suet Yi, Rita, and Ms. Wu was taken to be interested in the remaining 22,741,680 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.

Report of the Directors *(CONTINUED)*

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

(Continued)

Long Positions in Ordinary Shares of the Company *(Continued)*

Save as disclosed above, as at 31 March 2023, 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.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate amount of revenues during the year attributable to the Group's five largest customers was 72.7% of the Group's total revenues, of which 59.6% was made to the largest customer.

The aggregate purchase of revenue items during the year attributable to the Group's five largest suppliers were less than 30% of the Group's total revenue purchases.

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 41 to 64.

BUSINESS REVIEW

MESSAGES FROM THE DIRECTORS

Our Sustainability Visions

Our goal remains to contribute to a more inclusive and sustainable world. We are reaffirming the importance of sustainability. By incorporating environmental, social and governance (“ESG”) factors into the Group’s business model, a more informed and forward-looking decision-making process will enable the Group to face future challenges with greater confidence. Sustainability issues significantly impact our business operations, which can be financially and operationally damaging. Keeping in line with the business plan, the Board oversees the Group’s sustainability strategy, risk management, and performance.

Corporate ESG Governance

Ultimately, it is the Board that is responsible for determining and reporting on the Group’s ESG strategy and performance. ESG practices are monitored by the Board and management is responsible for monitoring, reviewing, and reporting to the Board on a regular basis the performance of the Group’s ESG practices for continuous improvement.

In order to understand which ESG issues matter most to our stakeholders, we maintain an open and transparent dialogue with them. A wide range of stakeholders interact with us, including employees, tenants, suppliers, investors, the media, and local communities. Meetings, interviews and surveys are used to engage our key stakeholders in addressing ESG issues in the best way possible. The ESG report is valuable for managing our stakeholders’ key concerns and interests. Every year, we identify and evaluate ESG-related risk based on the input of our key stakeholders and the management’s periodic reports to the Board. In addition, the Board receives an annual report on the progress of its ESG goals, targets, and initiatives. As part of our ESG goals and targets, we prioritize emissions, resource use, employment and labour practices, operating practices, and community investment. Throughout this report, key initiatives and activities are summarized.

Business Review

We have conducted a thorough business review in accordance with the Schedule 5 to the Companies Ordinance. The sections titled “MANAGEMENT DISCUSSION AND ANALYSIS” provides a summary of the operations of Wah Ha Realty Company Limited (“Wah Ha”, “the Group”, “we”) as required, as well as an analysis of the Group’s performance during the year, a description of the principal risks and uncertainties facing the Group, information on significant events that have affected the Group since the end of the financial year 2022, and an assessment of likely future developments in the Group’s operations.

Report of the Directors *(CONTINUED)*

ABOUT THE REPORT

Reporting Scope

This section covers Wah Ha's sustainability strategies and the ESG performance in regards to its principal activities of investment holding, fund management, property development, investment and management in Hong Kong.

Reporting Period

The report covers the period from 1 April 2022 to 31 March 2023 (the "Reporting Period" or "the Year").

Reporting Standards

The disclosures in this report are in compliance with the ESG Reporting Guide ("ESG Guide") under Appendix 27 of the Main Board Listing Rules issued by the Stock Exchange.

Reporting Principles

This report follows the reporting principles described in the ESG Guide for the definition of the content and ensures the quality of the ESG information presented in the report as well as the reliability of the information provided in it.

- **Materiality:** To ensure sustainability issues remain relevant and material to our business operations, we conduct stakeholder engagement and materiality reviews. In preparing this report, the information to be disclosed is based on the material issues identified.
- **Balance:** We describe both our achievements and areas for improvement in this report, which provides a fair and accurate picture of Wah Ha's sustainability performance.
- **Quantitative:** When applicable, the report presents quantitative environmental and social performance data and analyses year-over-year trends. Notes on the Data Tables provide details on calculation standards, conversion factors, and any changes to the scope and boundaries of the figures.
- **Consistency:** We use consistent methodologies to allow fair and meaningful comparisons of ESG data. In this report, the percentage changes are compared across comparative years unless otherwise specified.

STAKEHOLDER ENGAGEMENT PROCESS

We maintained communication channels and engaged our management and staff to review our operations and obtain feedback from stakeholders, including shareholders, customers, employees, suppliers, creditors, regulators, and the general public, in order to identify ESG issues relevant to the Group. As a result, we evaluated the identified ESG issues in consideration of their importance to stakeholders and the Company.

The ESG issues considered to be material are listed below:

ESG aspects as set forth in ESG Guide	Material ESG issues for the Group
A. Environmental	
A1 Emissions	Emission and waste management
A2 Use of resources	Use of electricity, water and packaging materials
A3 The environment and natural resources	Measures to minimise the impact on the environment and natural resources
A4 Climate change	Climate risk and opportunity
B. Social	
B1 Employment	Working conditions and employee care
B2 Health and safety	Health and safety workplace
B3 Development and training	Staff development and training
B4 Labour standards	Anti-child and forced labour
B5 Supply chain management	Supply chain management
B6 Product responsibility	Quality assurance and product responsibility
B7 Anti-corruption	Anti-corruption measures
B8 Community investment	Community services and care

Environmental Aspects

Investment holding, property development, investment, and management are the principal activities of the Group. Considering its business activities, the Group generates no significant air emissions or hazardous waste. As part of its commitment to environmental protection, the Group takes measures to minimize its negative environmental impacts.

Report of the Directors *(CONTINUED)*

STAKEHOLDER ENGAGEMENT PROCESS *(Continued)*

Environmental Aspects *(Continued)*

1. Emissions

Emissions of greenhouse gases are mainly generated from the Group's daily electricity consumption. The Group implements several energy-saving and energy-efficient measures to minimize its carbon footprints on the environment. This includes encouraging the use of natural lighting, installing high-performance electric equipment, installing LED lighting in its office and most of the buildings it manages, turning off unnecessary lighting and electrical appliances when they are not in use, and setting photocopiers to energy-saving modes when they are not in use. The Group maintained energy efficiency during the year and witnessed decrease in electricity and water consumption, as well as waste produced.

There is no material hazardous waste generated by our operational activities. Through various waste reduction measures such as printing on both sides of the paper or photocopying on both sides of paper, the Group strives to reduce the amount of non-hazardous waste generated and strengthen employee environmental awareness. Whenever possible, the Group promotes electronic communications instead of paper-carried forms of information delivery.

Regarding reducing greenhouse gas (GHG) emissions, the management is detailing the directional target through active management of buildings, implementing energy-efficient practices, which in the near future will contribute to the overall reduction targets. At the same time, the ongoing monitoring and reporting of emissions allow the Group to identify areas for improvement and refine strategies for achieving the targets. Collaboration with contractors, suppliers, and tenants will be essential for achieving the goals.

With regard to the reduction of non-hazardous waste, our current implementation of waste management practices will contribute to the overall reduction targets. Promoting the philosophies of "reduce, reuse, recycle", we have been influencing our employees and other stakeholders to act with care, which is essential for achieving long-term sustainability. Ongoing monitoring and reporting of waste generation will allow for identifying areas for improvement and refining strategies for achieving the targets. Collaboration with suppliers and tenants will also be essential for achieving the goals.

2. *Use of Resources*

As the Company's business portfolio and operating sites are mainly in urban areas, we don't see any significant impacts on the environment and natural resources from our business activities. Despite this, we strive to improve our environmental performance through waste reduction and resource-saving measures. To better manage the use of resources, the Group seeks to reduce water consumption in daily operations by encouraging employees to turn off taps tightly to prevent water dripping and prioritising water-saving products. We reuse packaging boxes and stationery such as file folders and envelopes, and most network printers are set to print in duplex mode by default. We return most of our used cartridges to the supplier for recycling.

We are dedicated to increasing energy and water consumption efficiency by applying innovative solutions. Our efforts in this area have resulted in a reduction in our energy and water consumption, which has contributed to our overall sustainability goals. We have implemented several energy and water conservation strategies that have resulted in measurable improvements in our operations, including installing energy-efficient lighting and appliances, adopting regular shut-offs of appliances during non-peak hours, and using water-efficient fixtures. We continue to monitor and report on our energy and water consumption to identify areas for further improvement. We remain committed to increasing our energy and water consumption efficiency by applying innovative solutions.

3. *The Environment and Natural Resources*

As part of our commitment to better environmental practices, the Group promotes the right environmental attitudes within the organization. As of the review period's end, the Group was unaware of any non-compliance with laws and regulations affecting air emissions, discharges into water and land, and hazardous and non-hazardous waste generation.

Wah Ha uses water primarily for drinking, flushing, and other standard office usages. Despite not operating in a water-stressed area, our Energy and Water Management Policy outlines our overall strategic approach, and we strive to use water responsibly. We have been increasingly investing in various efforts to manage water usage in our locations, including the upgrade of water-efficient fixtures, regular leak detection and repair, employee education on water conservation measures, greywater reuse, etc.

Report of the Directors (CONTINUED)

STAKEHOLDER ENGAGEMENT PROCESS (Continued)

Environmental Aspects (Continued)

4. Climate Change

There has been an increase in climate change-related risks for the Group in recent years. Typhoons, seasonal storms, heavy rains, and other extreme weather events will likely become more frequent, which may impact the Group's operations and property portfolio. To manage and mitigate climate risks, the Group has formulated emergency plans to deal with extreme weather events that aim to minimize disruption and financial loss due to the suspension of operations. To reduce future disruptions to the Group and achieve sustainable operations, the Group regularly reviews the impact of climate change on its operations. The Board will keep monitoring all relevant risks and opportunities and update its strategy in responding to climate change.

To align our climate risk management plans with leading industry practices and adapt to our operational features, we conducted a climate risk assessment each year as part of our practice of identifying, assessing, and managing climate risks effectively and systematic.

Risk Type	Driver	Implication	Responses
Physical Risks	Typhoon	Water damage and extreme wind can disrupt our businesses as well as damage our properties, resulting in decreased profitability and higher maintenance costs.	Checking and assessing building fittings, fixtures, and infrastructure on a regular basis.
	Extreme Winds		
Transition Risk	Climate change policies that attempt to constrain policies that contribute to the adverse effects of climate change	In jurisdictions where it operates, the Group may suffer losses if it fails to comply with and keep abreast of applicable environmental laws and regulations.	Each jurisdiction in which we operate conducts periodic reviews of our compliance with relevant laws and regulations.
	Customer demands and perceptions of our contributions to a lower-carbon economy	In response to green tenant demands, we may lose revenue if we do not provide properties that are more resource efficient to environmentally conscious tenants.	Obtain customer opinions about our green activities. Through their feedback, we are able to improve our service and our contribution to the transition to a lower carbon economy.

Social Aspects

1. *Employment and Labour Practices*

Considering human resources to be a valuable asset of an organization, the Group views them as its corporate wealth. It is also the Group's policy to ensure that all employees are protected by legislation and receive equal opportunities at work.

(i) *Employment*

We maintain competitive remuneration levels for our employees. Review and adjustments are made to an employee's remuneration each year in accordance with their qualifications, experience and performance, as well as market benchmarks. Discretionary bonuses are also granted for eligible employees based on the Group's results and their individual performance. The Group also provides education and training subsidies, medical and retirement benefits, and paid leaves. A detailed description of the working hours, leaves, rest periods, duties, and other employment terms can be found in the employment contract. To ensure compliance with the latest labour laws and regulations, the Group's employment practices are also reviewed regularly. All employees have equal opportunities for employment, training, promotion, and career development within the Group.

Wah Ha continues to dedicate resources to improving employee satisfaction and wellbeing to retain talents. During the year, no employee turnover was noted (2022: Nil). The Group are also committed to facilitating flexible working arrangements accommodating employees' work, personal and family commitments.

During the year under review, the Group was not aware of any non-compliance with the employment laws and regulations with significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

Report of the Directors *(CONTINUED)*

STAKEHOLDER ENGAGEMENT PROCESS *(Continued)*

Social Aspects *(Continued)*

1. *Employment and Labour Practices (Continued)*

(ii) Health and Safety

The Group places a high priority on health and safety and strives to provide and maintain a safe and healthy working environment. It maintains a safe, hygienic and productive workplace by minimizing the potential risks of accidents and injuries and exposure to health risks. Occupational hazards and substances are identified and managed in strict accordance with applicable rules and regulations in order to ensure that they can be handled, transported, stored, used, recycled, reused or disposed in a safe manner. All materials, electronic and electrical devices used by the Group are in compliance with safety standards and are free of hazardous materials. As well as providing a comfortable and pleasant working environment for our employees, the Group has a well-equipped pantry and a spacious penthouse for rest, recreation and meals. It is the Group's responsibility to ensure that all workplaces are operated and maintained in a safe and reliable manner. All our workplaces are free of toxic and hazardous materials. During the year, no work-related fatalities and lost days due to work injury were noted (2022: Nil).

Although the city is gradually recovering from the pandemic, the Group continues to maintain a high standard of hygiene. Hand sanitizers are provided to tenants and visitors in the lobby of properties. Cleaning and disinfection are maintained in a timely manner on each floor of the properties.

During the year under review, the Group was not aware of any non-compliance with health and safety laws and regulations that have a significant impact on the Group relating to the provision of a safe working environment and the protection of the employees from occupational hazards.

(iii) Development and Training

The Group understands the importance of maintaining knowledge and skills and providing employee training. This is not only to support staff development but also to ensure sustained growth of the Group. To keep abreast of the latest developments in both the market and the industry, the Group sponsors education and training programmes, and encourages all employees to attend seminars and workshops organized by professional organizations or to take appropriate courses. In order to enhance the continuing professional development of the Directors and key personnel, in-house seminars will be conducted by qualified professionals where appropriate.

(iv) *Labour Standards*

All employments within the Group are voluntary and any child and forced labour is specifically forbidden. The Group also prohibits discrimination based on race, colour, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation or marital status in recruitment and employment practices such as promotions, rewards, access to training and demotion. For the purpose of fulfilling the aforementioned employment objectives, the organization has implemented a comprehensive screening process for the recruitment of suitable employees.

During the year under review, the Group was not aware of any non-compliance of laws and regulations that have a significant impact on the Group relating to child and forced labour.

2. *Operating Practices*

(i) *Supply Chain Management*

Building strong relationships with key suppliers, contractors and service providers (the "Suppliers") are critical in supply chain management, property maintenance and the development of the Group. The Group is dedicated to ensuring fair operating practices in its procurement and supply processes. Our selection process for suppliers includes not only economic and commercial factors but also a serious evaluation of their compliance with all applicable laws and regulations, as well as to what extent they protect the health and safety of workers and mitigate environmental impacts resulting from their business operations. The department in charge maintains good communication with the Suppliers and conducts reviews on them from time to time. Furthermore, we encourage our suppliers to implement ESG-related initiatives into their business practices, including those that relate to environmental protection and sustainability. During the year, the Group has engaged 27 Suppliers (2022: 34) from Hong Kong.

Report of the Directors *(CONTINUED)*

STAKEHOLDER ENGAGEMENT PROCESS *(Continued)*

Social Aspects *(Continued)*

2. *Operating Practices (Continued)*

(ii) Product Responsibility

To meet the stakeholders' expectations with respect to quality and sustainability, the Group recognizes its responsibility for offering reliable and high-quality products and services. We ensure that all the advertisements and announced information about the products are accurate, reliable, and correct to achieve a high standard of product responsibility. Additionally, the Group guarantees that all customer information is adequately protected during the course of its business operations. As we understand the importance of maintaining customer confidentiality, we strictly adhere to the security requirements. During the year, no tenancies were subject to withdrawal for safety and health reasons and no complaints were received from tenants.

During the year under review, the Group was not aware of any non-compliance of laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters in respect of products and services provided and methods of redress.

(iii) Anti-corruption

The Group adheres to a high standard of operational integrity during the course of its operations in order to maintain a fair, impartial and efficient working environment. We do not tolerate bribery, fraud, extortion, corruption, or money laundering in any form. The Group expects all employees to undertake their duties with utmost good faith, determination and professionalism so as to ensure that the reputation of the Group will not be damaged by any acts of misconduct or corruption. To prevent unethical business practices and behaviors, we provide anti-corruption training to new employees and other relevant personnel. "Toolkit on Directors' Ethic" issued by The Independent Commission Against Corruption has been given to each Director for information.

Through the Group's whistle-blowing procedure, whistleblowers have the opportunity to raise concerns about suspected misconduct or malpractice through a confidential platform. A fair and proper investigation of all concerns is conducted by the Group under the guidance of the Chairman of the Board.

During the year under review, the Group was not aware of any non-compliance of laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering. No concluded or pending legal cases regarding corrupt practices were identified.

3. *Community Investment*

As part of its commitment to the community, the Group is committed to fostering harmonious relationships with these communities and has consistently maintained its obligation to return to society and strives to provide long-term benefits to its stakeholders. The Group recognizes the importance of community participation in its long-term development. As a result, the Group always encourages its employees to take part in charitable activities in order to contribute to the community.

The Group is committed to operating its businesses in accordance with all applicable laws, regulations, and rules both locally and internationally. Group policies are prepared and updated in accordance with the regulatory framework within which it operates. The Board oversees the Group's management and internal controls on an ongoing basis. In addition, training is conducted where needed in order to improve awareness and understanding of the Group's internal controls and compliance procedures.

During the reporting year, the Group was not aware of any non-compliance with laws and regulations that have a significant impact on the Group relating to emissions, use of resources, environment and natural resources, employment and labour practices, operating practices and community investment.

Report of the Directors (CONTINUED)

Performance Data Summary

Environmental Performance Data Table

The following environmental data are prepared in accordance with Appendix 27 of the Listing Rules issued by the Stock Exchange.

Environmental KPIs	Unit	2022/23	2021/22
Refrigerants	kg	68	23
Total greenhouse gas (GHG) emissions	Tonne CO ₂ e	1,565	1,562
Scope 1 – Direct emissions and removals	Tonne CO ₂ e	107	35
Scope 2 – Energy indirect emissions	Tonne CO ₂ e	1,458	1,527
Total non-hazardous waste produced	Tonne	454	475
Total energy consumption	kWh	2,439,615	2,540,858
Total indirect energy consumption	kWh	2,439,615	2,540,858
Purchased electricity	kWh	2,439,615	2,540,858
Total indirect energy consumption intensity	kWh/Revenue		
By revenue ²	HK\$'000	179	325
Water consumption	m ³	13,435	13,795
Water consumption intensity	m ³ /Revenue		
By revenue ²	HK\$'000	1	2

Note 1: The scope of environmental data covered in this report include in total 4 properties which the Group is the property management service provider and 2 properties which the Group has interests through its investments in associated companies. There is no change in this reporting scope from last year.

Note 2: The revenue figure used to calculate the indirect energy intensity and water intensity has excluded the HK\$25,000,000 sales of completed properties, which are not in scope of properties under management.

Social Performance Data Table

The following social data are prepared in accordance with Appendix 27 of the Listing Rules issued by the Stock Exchange.

Social KPIs	Unit	2022/23	2021/22
Employee Workforce			
Total workforce by gender, employment type, age group and geographical region			
By Geographical Region			
Hong Kong	Number	17	17
By Employment type			
Full time	Number	17	17
By Gender			
Female	Number	9	9
Male	Number	8	8
By Age Group			
30-39	Number	1	2
40-49	Number	3	3
50-59	Number	8	7
60 or above	Number	5	5
Total		17	17
Employee Turnover			
Employee turnover rate by gender, age group and geographical region			
By Geographical Region			
Hong Kong	Number	0	0
By Gender			
Female	Number	0	0
Male	Number	0	0
By Age Group			
30-39	Number	0	0
40-49	Number	0	0
50-59	Number	0	0
60 or above	Number	0	0
Total		0	0

Report of the Directors (CONTINUED)

Social KPIs	Unit	2022/23	2021/22
Employee Development and Training			
Percentage of employees trained by gender and employee category			
By Gender			
Female	Percentage	22%	22%
Male	Percentage	50%	50%
By Employment Category			
Top management	Percentage	100%	100%
Management	Percentage	67%	67%
Total	Percentage	35%	35%
Average Training hours completed per employee by gender and employee category			
By Gender			
Female	Average hours per person	20	20
Male	Average hours per person	10	9
By Employment Category			
Top management	Average hours per person	10	9
Management	Average hours per person	20	20
Occupational Health and Safety			
Work-related fatalities			
Work-related fatalities reported	Number	0	0
Work-related fatality rate	Percentage	0	0
Lost days due to work injury	Days	0	0
Supply Chain Management			
Number of suppliers			
By Geographical Region			
Hong Kong	Number	27	34

Note: The scope of social data covered in this report include all employees within the Group.

The Stock Exchange ESG Guide Content Index

Aspects, General Disclosure, KPIs	Description	Reference Chapters/ Remarks
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Aspects
KPI A1.1	The types of emissions and respective emissions data.	Performance Data Summary
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	Performance Data Summary
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	No substantial hazardous waste are produced from the Group's operation.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Performance Data Summary
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental Aspects – Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Aspects- Emissions
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Environmental Aspects – Use of Resources
KPI 2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.	Performance Data Summary

Report of the Directors (CONTINUED)

Aspects, General Disclosure, KPIs	Description	Reference Chapters/ Remarks
KPI 2.2	Water consumption in total and intensity.	Performance Data Summary
KPI 2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Aspects – Use of Resources
KPI 2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Aspects – Use of Resources
KPI 2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	As a property investment and management Group, Wah Ha does not have significant relevance with packaging material use.
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental Aspects – The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Aspects – The Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental Aspects – Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environmental Aspects – Climate Change

Aspects, General Disclosure, KPIs	Description	Reference Chapters/ Remarks
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	Social Aspects – Employment and Labour Practices
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Performance Data Summary
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Data Summary
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Social Aspects – Employment and Labour Practices
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Performance Data Summary
KPI B2.2	Lost days due to work injury.	Performance Data Summary
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Social Aspects – Employment and Labour Practices

Report of the Directors (CONTINUED)

Aspects, General Disclosure, KPIs	Description	Reference Chapters/ Remarks
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Social Aspects – Employment and Labour Practices
KPI B3.1	The percentage of employees trained by gender and employee category.	Performance Data Summary
KPI B3.2	The average training hours completed per employee by gender and employee category	Performance Data Summary
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Social Aspects – Employment and Labour Practices
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Social Aspects – Employment and Labour Practices
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Social Aspects – Employment and Labour Practices
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Social Aspects – Operating Practices
KPI B5.1	Number of suppliers by geographical region.	Performance Data Summary
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Social Aspects – Operating Practices
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Social Aspects – Operating Practices

Aspects, General Disclosure, KPIs	Description	Reference Chapters/ Remarks
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Social Aspects – Operating Practices
Aspect B6: Product responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Social Aspects – Operating Practices
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	There has been no incident of non-compliance with regulations and/ or voluntary codes concerning the health and safety impacts of products and services.
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Social Aspects – Operating Practices
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Not a material topic to Wah Ha since majority of its business is about property maintenance and investment.
KPI B6.4	Description of quality assurance process and recall procedures.	Not a material topic to Wah Ha since majority of its business is about property maintenance and investment, and there is no product recall from its operation.

Report of the Directors (CONTINUED)

Aspects, General Disclosure, KPIs	Description	Reference Chapters/ Remarks
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Social Aspects – Operating Practices
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Social Aspects – Operating Practices
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	There are no legal cases regarding corruption during the reporting period.
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Social Aspects – Operating Practices
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Social Aspects – Operating Practices
Community		
Aspect B8: Community investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Social Aspects – Operating Practices
KPI B8.1	Focus areas of contribution.	Customer satisfaction and community building.
KPI B8.2	Resources contributed to the focus area.	We are in the process of collecting and summarising resources contributed.

UPDATES ON THE ISSUES OF THE COMPANY IN RELATION TO RULE 13.24 OF THE LISTING RULES (“RULE 13.24”)

References are made to (1) the updates on Rule 13.24 in the interim report of the Company for the six months ended 30 September 2022; (2) the announcement made by the Company dated 11 October 2022 in relation to the resumption guidance for the Company as set out in a letter from the Stock Exchange (the “October 2022 Resumption Guidance”) and (3) the announcement made by the Company dated 28 June 2023 in relation to the additional resumption guidance for the Company as set out in a letter from the Stock Exchange (the “Additional Resumption Guidance”, together with the October 2022 Resumption Guidance, the “Resumption Guidance”). 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.

Pursuant to Rules 13.09 and 13.24A of the Listing Rules, the announcements of the Company dated (i) 14 December 2022 in relation to the first quarterly update on progress of resumption and continued suspension of trading; (ii) 14 March 2023 in relation to the second quarterly update on progress of resumption and continued suspension of trading; and (iii) 14 June 2023 in relation to the third quarterly update on progress of resumption and continued suspension of trading have been made.

As at the date of this report, trading in the shares of the Company (the “Shares”) remains suspended pending fulfilment of the Resumption Guidance.

For details, please refer to the announcements of the Company dated 2 September 2022, 14 September 2022, 11 October 2022, 14 December 2022, 14 March 2023, 14 June 2023 and 28 June 2023.

THE VOLUNTARY UNCONDITIONAL CASH OFFER

On 13 March 2023, the Company was formally informed of the making of the voluntary unconditional cash offer by Eddid Capital Limited and Maxa Capital Limited on behalf of Good Vision Development Limited (the “Offeror”) (a company beneficially owned by Mr. Cheung Kee Wee, Mr. Cheung Lin Wee and Mr. Cheung Ying Wai, Eric, the three EDs, in equal shares) for all the issued Shares held by all the Shareholders other than the EDs and Humphrey Group Limited (a company owned by Mr. Cheung Kee Wee, his spouse and their two children in equal shares) (the “Offer Shareholders”) (the “Offer Shares”) (the “Offer”). The Offer was closed on 8 June 2023 and the Offeror had received valid acceptances for a total of 46,953,629 Offer Shares (the “Acceptance Shares”), representing approximately 38.82% of the total issued Shares.

For details, please refer to the announcements jointly issued by the Offeror and the Company dated 13 March 2023, 2 April 2023, 26 April 2023, 2 May 2023, 17 May 2023, 25 May 2023 and 8 June 2023 as well as the composite offer and response document jointly issued by the Offeror and the Company dated 26 April 2023.

Report of the Directors *(CONTINUED)*

PUBLIC FLOAT OF THE COMPANY

Reference is also made to the announcement jointly issued by the Offeror and the Company dated 8 June 2023 in relation to, among other things, the results of the Offer and the public float of the Company (the "Closing Announcement").

As disclosed in the Closing Announcement, immediately after the close of the Offer i.e. as at 4:00 p.m. on 8 June 2023, subject to the completion of the transfer procedures of the Acceptance Shares to the Offeror, 8,881,411 Shares, representing approximately 7.34% of the total issued Shares as at the date hereof, were held by the public (as defined in the Listing Rules).

As at the date of this report, the transfer procedures of the Acceptance Shares to the Offeror have been completed, and hence, the minimum public float requirement of 25% as set out in Rule 8.08(1) (a) of the Listing Rules is not satisfied.

On 21 June 2023, the Company received a letter from the Stock Exchange setting out the following Additional Resumption Guidance for resumption of trading in the Shares:

- Restore the minimum public float required under Rule 8.08(1) of the Listing Rules

The Company must meet all Resumption Guidance which are applicable to the Company, 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. For this purpose, the Company has the primary responsibility to devise its action plan for resumption. The Stock Exchange may modify or supplement the Resumption Guidance applicable to the Company if the Company's situation changes. For details, please refer to the announcement of the Company dated 28 June 2023.

PERMITTED INDEMNITY

According to the Company's Articles and subject to the provisions of the Companies Ordinance, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors and officers liability insurance cover for the Directors and officers of the Company and its subsidiaries.

AUDITOR

The consolidated 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, 29 June 2023

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 the Shareholders.

CORPORATE GOVERNANCE CODE

Throughout the financial year ended 31 March 2023, 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 in respect of the roles of the Chairman and Chief Executive of the Company (“CE”) (i.e. C.2.1). The considered reasons for the aforesaid deviation 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 31 March 2023.

Corporate Governance Report *(CONTINUED)*

CORPORATE GOVERNANCE FUNCTIONS

Corporate governance is the collective responsibility of the members of the Board. The duties of the Board in performing its corporate governance functions under the CG Code include:

1. to develop and review the Company's policies and practices on corporate governance;
2. to review and monitor the training and continuous professional development of Directors and senior management of the Company;
3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct applicable to employees and Directors; and
5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Certain responsibilities were delegated to the various Board committees of the Company (the "Board Committees"). The Board is supported by three Board Committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee, details of which and their respective terms of reference were described in the later part of this report.

THE BOARD

Board Diversity Policy

The Board adopted a Board diversity policy with the aim of achieving diversity on the Board. The Company recognizes and embraces the benefits of having a diverse Board to enhance its overall performance. In designing the Board's composition, a number of aspects for Board diversity have been considered, including but not limited to gender, age, cultural and educational background, professional experience, ethnicity, skills, knowledge and length of service, and any other factors that the Board may consider relevant and applicable from time to time towards achieving a diversified Board.

Selection and recommendation of candidates will be based on the selection criteria, the nomination procedures and the process of the Company's nomination policy adopted by the Board as well as a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, ethnicity, skills, knowledge and length of service.

All Board appointments will be based on merit and contribution that the selected candidates will bring to the Board, having due regard to the benefits of diversity on the Board.

The Board recognizes the importance of the board gender diversity not just for improving corporate governance system and strategic decisions in boardroom but also for imparting positive values to the Company. The Board currently has no female Director. We would continue to take initiatives to identify suitable candidates so as to appoint at least one female Director on the Board no later than 31 December 2024.

Board Composition

The Board currently comprises the following seven members:

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 Director

Mr. Chan Woon Kong

Mr. Au-Yang Cheong Yan, Peter (*resigned with effect from 1 November 2022*)

Mr. Chan Wing Tat

Mr. Kok Lap Seng

Corporate Governance Report *(CONTINUED)*

THE BOARD *(Continued)*

Directors' Responsibilities, Delegation and Board Proceedings

The Board, led by the Chairman, is responsible for leadership and control of the Company and is collectively responsible for establishing the strategic direction of the Group, setting objectives and business development plans, monitoring the performance of the senior management, assuming responsibility for corporate governance and achieving agreed corporate goals of the Company by scrutinizing the Company's performance and monitoring performance reporting.

The Chairman of the Board ensures that the Board works effectively and discharges its responsibilities and all key and appropriate issues are discussed by the Board in a timely matter. He takes responsibility for ensuring that good corporate governance practices and procedures are established and encourages all Directors to make a full and active contribution to the Board's affairs. Directors with different views are encouraged to voice their concerns. They are allowed sufficient time for discussion of issues so as to ensure that Board decisions fairly reflect Board consensus. A culture of openness is promoted to facilitate the effective contribution of Non-executive Directors of the Company ("NEDs") and ensure constructive relations between EDs and NEDs.

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 takes into account, where appropriate, any matters proposed by the other Directors for inclusion in the agendas. Also, with the support of the EDs and the Company Secretary, the Chairman ensures that all Directors are properly briefed and timely receive adequate, clear, complete 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 reviews the existing arrangements periodically to ensure that they remain appropriate to the Company's needs.

The NEDs, including the INEDs, participate in Board meetings to bring expertise and independent views on important issues relating to the Company's strategy, policy, performance, accountability, resources, key appointments, standards of conduct, take the lead on matters where potential conflicts of interests arise, scrutinize the Company's performance in achieving agreed corporate goals and objectives, and monitor performance reporting. They also serve on Board Committees of the Company, including the Audit Committee, the Remuneration Committee and the Nomination Committee. The NED and INEDs give the Board and Board committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation at the relevant meetings. They also attend AGMs to understand the view of the Shareholders. They make a positive contribution to the development of the Company's strategy and policy through independent, constructive and informed comments.

The Board has more than one third of the Directors as 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. The Company is of the view that each INED meets the requirements of independence as set out in 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 of the Company (the "AR").

The Board includes a balanced composition of EDs, NED 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.

The composition of the Board, by category and position of Directors including the names of the Chairman, EDs, NED and INEDs, is disclosed in all the corporate communications. An updated list of Directors identifying their roles and functions and indicating whether they are INEDs is available on the respective websites of the Company and the Stock Exchange. The names of the Directors, their roles and functions and the relationship among them are set out on pages 2 and 3 of the AR.

Directors' Training

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. They are kept informed of the updated legal and other regulatory requirements and the business and governance policies of the Company to ensure that their contribution to the Board remains informed and relevant. The Company Secretary provides written training materials to the Directors for reference, and arranges seminars on the latest development of the Listing Rules, applicable laws, rules and regulations relating to Directors' duties and responsibilities, if any.

Corporate Governance Report *(CONTINUED)*

THE BOARD *(Continued)*

Directors' Training *(Continued)*

The Directors have provided the Company with their records of continuous professional development during the financial year 2022/2023. Records of the Directors' training during the year are as follows:

Directors	Attending Seminar(s) on regulatory development and/or directors' duties	Reading regulatory updates or information relevant to the Company or its business
<i>Executive Directors</i>		
Mr. Cheung Kee Wee (<i>Chairman</i>)	✓	✓
Mr. Cheung Lin Wee	✓	✓
Mr. Cheung Ying Wai, Eric	✓	✓
<i>Non-executive Director</i>		
Mr. Ng Kwok Tung	✓	✓
<i>Independent Non-executive Directors</i>		
Mr. Chan Woon Kong	✓	✓
Mr. Au-Yang Cheong Yan, Peter (<i>resigned with effect from 1 November 2022</i>)	–	–
Mr. Chan Wing Tat	✓	✓
Mr. Kok Lap Seng	✓	✓

Conduct of Board Proceedings and supply of and access to information

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 2022/2023 and up to the date of the AR, nine physical meetings were respectively held in June, August, October, November of 2022 as well as in March of 2023. Details of individual attendance of each Director at the meetings are as follows:

Directors	Meeting Attended/Held
<i>Executive Directors</i>	
Mr. Cheung Kee Wee (<i>Chairman</i>)	9/9
Mr. Cheung Lin Wee	9/9
Mr. Cheung Ying Wai, Eric	9/9
<i>Non-executive Director</i>	
Mr. Ng Kwok Tung	9/9
<i>Independent Non-executive Directors</i>	
Mr. Chan Woon Kong	8/9
Mr. Au-Yang Cheong Yan, Peter (<i>resigned with effect from 1 November 2022</i>)	4/9
Mr. Chan Wing Tat	9/9
Mr. Kok Lap Seng	2/9

During the year ended 31 March 2023, the Chairman held a meeting with the INEDs without the presence of other Directors.

To ensure that Directors can participate in Board proceedings in a meaningful and effective manners, all Directors are given adequate time to plan their schedules to attend each meeting, at least fourteen days' formal notice of each regular meeting is given to all Directors, and all Directors are given the opportunity to include matters for discussion in the agenda. To enable Directors to make informed decisions on matters to be considered at the Board and Board Committee meetings, agenda accompanied with board papers and related materials 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 interests in the matters to be passed in the resolution, if applicable. If a substantial Shareholder or a Director has a material conflict of interests 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.

Corporate Governance Report *(CONTINUED)*

THE BOARD *(Continued)*

Conduct of Board Proceedings and supply of and access to information *(Continued)*

In addition to the Board meetings, certain issues are dealt with by way of circular written resolutions.

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. Queries raised by Directors receive a prompt and full response, if possible. All Directors 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.

Directors and Officers Liabilities

The Company has arranged appropriate Directors and Officers liability insurance coverage for its Directors and officers since 2004.

CHAIRMAN AND CE

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 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.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

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

When considering a potential Director who is recommended by the EDs, the Nomination Committee 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. If the potential Director cannot give sufficient time and attention to the Company's affairs, he/she will be advised not to accept the appointment.

A newly appointed Director will receive reference material of the Company such as interim and annual reports and circulars with a view to familiarizing him/her with the business operation of the Company and the corporate structure of the Group. Updates are provided to Directors to ensure that Directors are aware of the latest changes in the commercial and regulatory environment in which the Group conducts its business. "A Guide on Directors' Duties" issued by the Companies Registry, "Guidelines for Directors" and "Guide for Independent Non-Executive Directors" both issued by The Hong Kong Institute of Directors, "Toolkit on Directors' Ethic" issued by Independent Commission Against Corruption, "Guidance for Boards and Directors" and "Leadership Role and Accountability in ESG" both issued by the Stock Exchange have been given to each Director for information and easy reference.

Each Director disclosed to the Company at the time of his appointment and in a timely manner for any change, the number and nature of offices held in public companies or organizations.

Under the code provision C.3.3 of the CG Code, the Company should have formal letters of appointments for Directors setting out the key terms and conditions of their appointment. All Directors have been issued with the said formal letters of appointment from the Company.

In accordance with Article 90 of the Company's Articles, a newly appointed Director is subject to re-election by the Shareholders at the next following AGM 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 99(A) of the Company's Articles.

There are seven Directors including four NEDs in the Company for the time being. As one-third of the seven 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 includes 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 of the Company ("GM") at which he/she is removed in accordance with the Companies Ordinance.

Corporate Governance Report *(CONTINUED)*

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

Each Director (including INED) who was subject to retirement by rotation was appointed by a separate resolution in the AGM. In respect of an INED who has served more than nine years, the Company will express its view in the Company's circular that each INED who is eligible for re-election has met the independence guidelines set out in Rule 3.13 of the Listing Rules and is independent.

The names and details of the retiring Directors who will offer themselves for re-election at the forthcoming AGM are set out in the appendix to the Company's circular dated 27 July 2023.

BOARD COMMITTEES

The Company currently has three Board committees, namely the Nomination Committee, the Remuneration Committee and the Audit Committee. All committees have specific terms of reference clearly defining their authorities and responsibilities. The terms of reference of the Board Committees require them to report back to the Board on their decisions or recommendations. The terms of reference are reviewed and updated regularly to ensure that they remain appropriate and reflect changes in good practice and governance. The determination of the policy for the corporate governance of the Company and the corporate governance duties as set out in the code provision A.2.1 of the CG Code are performed by the Board.

Nomination Committee

The Nomination Committee of the Company (the "Nomination Committee") was established in 2012, a majority of which is INEDs. The Nomination Committee is currently chaired by the Chairman of the Board, Mr. Cheung Kee Wee and comprises another ED, Mr. Cheung Lin Wee, and the three INEDs, namely Chan Woon Kong, Chan Wing Tat and Kok Lap Seng. The Company Secretary of the Company is the secretary of the Nomination Committee.

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy. Its duties include making recommendation to the Board on the selection of individuals nominated for directorships and the appointment or re-appointment of Directors and succession planning for Directors. The Committee is also responsible for assessing the independence of INEDs and reviewing the Board diversity policy (the "Board Diversity Policy") and the nomination policy (the "Nomination Policy") of the Company.

The adopted terms of reference of the Nomination Committee which set out clearly its role, authority and duties made pursuant to the CG Code are posted on the respective websites of the Stock Exchange and the Company.

The Nomination Committee is provided with sufficient resources enabling it to perform its duties and it can seek independent professional advice at the Company's expense, if necessary.

The Nomination Committee met once during the financial year ended 31 March 2023. Details of individual attendance of each of the members of the Committee at the meeting are as follows:

Committee Members	Meeting Attended/Held
<i>Executive Directors</i>	
Mr. Cheung Kee Wee (<i>Chairman</i>)	1/1
Mr. Cheung Lin Wee	1/1
<i>Independent Non-executive Directors</i>	
Mr. Chan Woon Kong	1/1
Mr. Au-Yang Cheong Yan, Peter (<i>resigned with effect from 1 November 2022</i>)	0/1
Mr. Chan Wing Tat	1/1
Mr. Kok Lap Seng	0/1

Board Diversity Policy

The Board has the Board Diversity Policy with the aim of achieving diversity of Board members. The Company recognizes the benefits of having a diverse Board, and sees diversity of perspectives at the Board level as essential in achieving a sustainable and balanced development. Selection of Board members is based on a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, ethnicity, skills, knowledge, length of service and other factors that the Board may consider relevant and applicable from time to time. The ultimate decision is based on merit and contribution that the selected Board members can bring to the Board.

Nomination Policy

The Board adopted the Nomination Policy which sets out the approach, principles and procedures for the nomination and selection of Directors, including the appointment of additional Directors and replacement of Directors, re-election of Directors and nomination of Directors from the Shareholders.

The Board recognizes the importance of having a competent and qualified Board to achieve the Company's objectives as well as to protect the interest of all its stakeholders. The Board is committed to ensure that proper nomination and election processes are in place for the selection and nomination of Directors.

Corporate Governance Report *(CONTINUED)*

BOARD COMMITTEES *(Continued)*

Nomination Committee *(Continued)*

Selection Criteria

In assessing the suitability of a proposed candidate, the Nomination Committee and the Board shall consider the following criteria:

- (i) personal ethics, reputation, character and integrity;
- (ii) qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate development and strategy;
- (iii) diversity perspectives as set out in the Board Diversity Policy;
- (iv) willingness to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company such as devoting time to attend the Board meetings and the relevant Board committee meetings as well as participating in induction, training and other Board associated activities;
- (v) compliance with the independence criteria set out in the Listing Rules for the appointment of an INED; and
- (vi) any other factors that the Nomination Committee and/or the Board may consider appropriate.

Nomination Procedures

- (i) *For appointment of additional Directors and Replacement of Directors*
 - If the Board determines that an additional or replacement of Director is required, it will deploy multiple channels for identifying suitable candidates, including but not limited to referral from the Directors and the Nomination Committee.
 - Upon receipt of a proposal for a candidate to the Board, the secretary of the Nomination Committee shall convene a Committee's meeting for the purposes of considering and evaluating the candidate based on his/her biographical information and other relevant details as well as the aforesaid selection criteria to determine whether such candidate is suitable for recommending to the Board.

- If the candidate is considered appropriate, the Nomination Committee shall recommend to the Board for consideration and approval.
- A Board meeting will then be held for the purpose of considering and, if thought fit, approving the appointment of the candidate as a Director.
- The Director so appointed by the Board to fill a casual vacancy or as an additional Director to the Board will be subject to re-election by the Shareholders at the next AGM following such appointment in accordance with the Company's Articles.

(ii) For re-election of Directors

- The Nomination Committee shall review the overall contribution and service made by the retiring Director and determine whether he/she can continue to meet the selection criteria as mentioned above.
- Where a retiring Director, being eligible, offers himself/herself for re-election, the Board shall, under the advice of the Nomination Committee, consider and recommend such retiring Director to stand for re-election at the forthcoming AGM. A circular containing the requisite information on such retiring Director will be sent to the Shareholders prior to the AGM in accordance with the Listing Rules and the relevant laws and regulations.
- The Shareholders shall consider and, if thought fit, approve the re-election of Director at the AGM.

(iii) For nomination of Directors from the Shareholders

- Any Shareholder who wishes to nominate a person to stand for election as a Director at a GM must follow the procedures and lodge with the Company Secretary of the Company the requested documents within the lodgment period as specified in "Procedures for shareholders to propose a person for election as a Director" which is available on the Company's website.
- Particulars of the candidate so proposed will be sent to all the Shareholders for information in a supplementary circular of the Company.
- The Shareholders shall consider and, if thought fit, approve the election of Director proposed by such Shareholder at the GM.

Corporate Governance Report *(CONTINUED)*

BOARD COMMITTEES *(Continued)*

Nomination Committee *(Continued)*

Review and Monitoring

The Nomination Committee will from time to time review the Nomination Policy and monitor its implementation to ensure its continued effectiveness and compliance with the regulatory requirements.

Remuneration Committee

Remuneration Committee of the Company (the “Remuneration Committee”) was established in 2005. It currently consists of three INEDs, namely Messrs Chan Woon Kong (Chairman), Chan Wing Tat and Kok Lap Seng and one NED, Mr. Ng Kwok Tung. The Company Secretary of the Company is the secretary of the Remuneration 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 CG Code, include making recommendations to the Board on the Company’s policy and structure for all Directors’ and senior management’s remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy as well as making recommendations to the Board on the remuneration packages of individual EDs and senior management with reference to the Board’s corporate goals and objectives. The terms of reference of the Remuneration Committee are posted on the respective websites of the Stock Exchange and the Company.

The Remuneration Committee shall consult the Chairman of the Board about their remuneration proposals for EDs, if necessary. The Committee is provided with sufficient resources to discharge duties.

The Remuneration Committee met once during the financial year ended 31 March 2023. Details of individual attendance of each of the members of the Committee at the meeting are as follows:

Committee Members	Meeting Attended/Held
<i>Independent Non-executive Directors</i>	
Mr. Chan Woon Kong (<i>Chairman</i>)	1/1
Mr. Au-Yang Cheong Yan, Peter (<i>resigned with effect from 1 November 2022</i>)	0/1
Mr. Chan Wing Tat	1/1
Mr. Kok Lap Seng	0/1
<i>Non-executive Director</i>	
Mr. Ng Kwok Tung	1/1

During such meeting, the remuneration packages of the Directors were reviewed with reference to the Group's performance and profitability as well as the remuneration level of directors in certain listed corporations in the industry. No Director was involved in deciding his own remuneration. Details of the remuneration of Directors and senior management by band for the year ended 31 March 2023 are set out in Note 9 to the consolidated financial statements on pages 98 to 100 of the AR.

Audit Committee

The Audit Committee of the Company (the "Audit Committee") was established in 1998 and currently consists of three INEDs, namely Messrs Chan Woon Kong (Chairman), Chan Wing Tat and Kok Lap Seng and one NED, Mr. Ng Kwok Tung. No member of the Committee is a former partner of the existing audit firm of the Company during a period of two years from the date of his ceasing to be a partner of the audit firm. 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 Audit Committee.

The Audit Committee is provided with sufficient resources to perform its duties. The operation of the Audit Committee is guided by its terms of reference which were prepared on terms no less exacting than those set out in the CG Code. The terms of reference of the Committee are posted on the respective websites of the Stock Exchange and the Company.

Corporate Governance Report *(CONTINUED)*

BOARD COMMITTEES *(Continued)*

Audit Committee *(Continued)*

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 remuneration and terms of engagement;
2. reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of audit process in accordance with applicable standards;
3. developing and implementing policy on engaging an external auditor to supply non-audit services;
4. monitoring the integrity of the Company's financial statements and ARs and accounts, interim reports and quarterly reports (if applicable), and reviewing significant financial reporting judgements contained in them;
5. overseeing the Company's financial reporting system, risk management and internal control systems;
6. reviewing the financial information of the Company;
7. reviewing arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in the financial reporting, internal controls or other matters; and
8. overseeing the Company's relations with the external auditor.

During the financial year ended 31 March 2023, two meetings of the Audit Committee were held in June and November of 2022 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 2021/2022 final results and 2022/2023 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 issues on risk management and 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	Meeting Attended/Held
<i>Independent Non-executive Directors</i>	
Mr. Chan Woon Kong (<i>Chairman</i>) (<i>appointed with effect from 1 November 2022</i>)	2/2
Mr. Au-Yang Cheong Yan, Peter (<i>Chairman</i>) (<i>resigned with effect from 1 November 2022</i>)	1/2
Mr. Chan Wing Tat	2/2
Mr. Kok Lap Seng	0/2
<i>Non-executive Director</i>	
Mr. Ng Kwok Tung	2/2

There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor.

The financial statements of the Company for the year ended 31 March 2023 were reviewed and discussed by the Audit Committee together with the external auditor of the Company at a meeting held in late June 2023.

THE COMPANY SECRETARY

The appointment and dismissal of the Company Secretary is subject to the Board approval in accordance with the Company's Articles. Mr. Raymond W. M. Chu is the Company Secretary of the Company.

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 of the Board and the respective Chairmen of the Board Committees 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.

Corporate Governance Report *(CONTINUED)*

THE COMPANY SECRETARY *(Continued)*

The Company Secretary reports to the Board Chairman, 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 of the Board Committees as well as the written Board resolutions are circulated to all Directors concerned for comments and records respectively within a reasonable time after the meeting is held. All the minutes and Board resolutions recording in sufficient details of the matters considered and decisions reached by the Board and the Board Committees of the Company, including any concerns raised by Directors or dissenting views expressed, 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. All Directors have access to the advice and services of the Company Secretary to ensure that Board procedures and all applicable rules and regulations are followed.

During the year under review, the Company Secretary undertook over 15 hours of professional training to update his skill and knowledge.

AUDITOR'S REMUNERATION

For the year ended 31 March 2023, the remuneration paid and payable to PricewaterhouseCoopers, the Company's external auditor, for audit services to the Group amounted to HK\$560,100 and for non-audit services mainly consisting of interim review amounted to HK\$189,000. Advisory services fee in respect of ESG advisory service amounted to HK\$200,000 is also payable to its ESG servicing team which is separate from the team responsible for the Group's audit.

AUDIT

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

Monthly management updates have also been provided by the Management to all Directors for the purpose of providing a balanced and understandable assessment of the Company's performance, financial position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties.

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 31 March 2023 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 31 March 2023, with the assistance of the Company's Accounts Department, 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. Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern as referred to in the code provision D.1.3 of the CG Code.

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 65 to 70 of the AR.

The Board has included in the separate statement containing a discussion and analysis of the Group's performance in the "Management Discussion and Analysis" on pages 6 to 8 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, price-sensitive announcements and other 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.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

The Board has the overall responsibility for establishing, maintaining and evaluating the adequacy and effectiveness of the risk management and internal control systems of the Group on an ongoing basis. Such risk would include, amongst others, material risks relating to ESG. Such systems are designed to manage rather than eliminate risk of failure to achieve business objective, and can only provide reasonable but not absolute assurance against material misstatement or loss.

Corporate Governance Report *(CONTINUED)*

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

Risk Management *(Continued)*

Management is responsible for setting the appropriate tone from the top, performing risk assessments, and owning the design, implementation, monitoring and maintenance of internal controls. The associated policies and procedures for risk management and internal controls, which are properly documented and communicated to staff, are designed to help ensure that the Group's assets are safeguarded against unauthorised use or disposition; relevant rules and regulations are adhered to and complied with; complete, accurate and reliable financial and accounting records are maintained; and key risk factors including business strategic, operational, financial and regulatory compliance risks which may impact the Group's performance are appropriately identified and managed.

To ensure the risk management process is consistent with the best practice, the Group has incorporated the suggestions from the external consultant into the Group's risk management framework.

The Group's risk management framework comprises the following key features:

- A distinct organisational structure for different responsible parties with defined authority, responsibilities and risk management roles is in place.
- The Board sets forth the proper risk management culture and risk appetite for the Group, evaluates and determines the level of risk that the Group should take and monitor regularly.
- The Risk Management Coordinator facilitates the risk assessment process and timely communication to the Audit Committee and the Board. Also, they ensure key business and operational risks being properly identified and managed.
- A Risk Management Policy has been established to provide a framework for the identification, analysis, evaluation, treatment, monitoring and reporting of key risks at all levels across the Group to support the achievement of the organisation's overall strategic objectives.

Identified potential risks are evaluated using appropriate qualitative and quantitative techniques and risk responses (i.e. accept, reduce, transfer and avoid) are formulated, which are consistent with the Group's risk appetite. Risks are assessed based on a risk assessment matrix that helps to rank the risks into 4 risk levels (e.g. Extremely High, High, Medium and Low) and to prioritise risk management effort to determine the appropriate risk mitigation plans.

Internal Control

The Group has an internal audit (“IA”) function, which plays a major role in monitoring the internal governance of the Group, to conduct independent reviews of the adequacy and effectiveness of its risk management and internal control system and report the review results regularly to the Board through the Audit Committee.

The Group is fully aware of its obligation of handling and dissemination of inside information under the Listing Rules and the SFO. The Group has a set of procedures and controls in place to preserve the confidentiality of inside information relating to the Group. All Board members and senior management, who are likely to possess the Group’s inside information because of their offices or employments in the Group, are bound by the Model Code. In addition, every employee is required to follow the guidelines of the code of conduct and the staff handbook to keep unpublished inside information strictly confidential.

Policies for Whistleblowing and Anti-corruption

The Company has established a whistleblowing policy and system for employees and any person to report concerns about any suspected or actual improprieties relating to the Group. The Group will take appropriate actions against such improprieties and, where appropriate, report the cases to the relevant enforcement authorities.

Moreover, the Company has adopted the Anti-Corruption and Bribery Policy which provides guidance to our employees on how to recognise and deal with bribery and corruption. Every employee has a duty to report any potential violations of the policy to the Company through the channels set out therein.

Review of Risk Management and Internal Control Systems

During the year ended 31 March 2023, the Board has conducted a review on the effectiveness of risk management and internal control systems of the Group through discussion with the Audit Committee, which covers the major control procedures in areas of financial, operational, compliance and risk management, and was satisfied with the effectiveness of the Group’s risk management and internal control systems.

The changes in the nature and extent of significant risks (including ESG risks) faced by the Group and response plans to changes in its business and the external environment have been evaluated. The scope and quality of ongoing monitoring of risks (including ESG risks) and the internal control systems have been assessed. No significant areas of concern that may affect the Group to achieve strategic goals have been identified. The Board considered that the risk management and internal control systems are functioning effectively and adequately.

Corporate Governance Report *(CONTINUED)*

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

Review of Risk Management and Internal Control Systems *(Continued)*

In addition, confirmation from management on the effectiveness of the risk management and internal control systems of the Group was received during the year.

The Board has reviewed and is satisfied with the adequacy of resources, staff qualifications and experience, training requirements and budgets of the Group's accounting, IA, financial reporting functions, as well as those relating to the Company's ESG performance and reporting.

SHAREHOLDERS' ENGAGEMENT

Investors and Communication with the Shareholders

The Company has formulated a shareholders' communication policy to promote transparency in corporate and investor relation. It endeavours to disclose all material information about the Group to all interest parties as widely and timely as possible. The Company reviews the communication policy annually.

The 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 2022 AGM, respective Chairmen of the Board, the Remuneration Committee, the Nomination Committee and the Audit Committee, members of the three Board Committee as well as the representatives of the external auditor of the Company were present and available to answer questions raised by the Shareholders at the meeting.

Details of individual attendance of each Director at the 2022 AGM are as follows:

Directors	Meeting Attended/Held
<i>Executive Directors</i>	
Mr. Cheung Kee Wee (<i>Chairman</i>)	1/1
Mr. Cheung Lin Wee	1/1
Mr. Cheung Ying Wai, Eric	1/1
<i>Non-executive Director</i>	
Mr. Ng Kwok Tung	1/1
<i>Independent Non-executive Directors</i>	
Mr. Chan Woon Kong	1/1
Mr. Au-Yang Cheong Yan, Peter (<i>resigned with effect from 1 November 2022</i>)	1/1
Mr. Chan Wing Tat	1/1
Mr. Kok Lap Seng	0/1

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.

Shareholders' Meetings

In order to give sufficient notices of shareholders' meetings, the Company arranges for the notices to the Shareholders to be sent out in the case of AGMs at least 20 clear business days before the meetings and to be sent out at least 10 clear business days in the case of all other GMs. It is proposed that the 2023 AGM will be held on Tuesday, 12 September 2023 at 11:00 a.m. Notice of the AGM will be published and dispatched to the Shareholders in late July 2023.

The Company timely 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. A separate resolution is proposed at the AGM on each substantially separate issue, such as the re-election of individual Directors.

The Shareholders are given an explanation of the rights and procedures for demanding and conducting a poll in accordance with Article 70 of the Company's Articles at the commencement of each AGM.

Pursuant to the Listing Rules, any vote of the shareholders at a general meeting must be taken by poll. The Chairman of the 2023 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 70 of the Company's Articles.

Corporate Governance Report *(CONTINUED)*

SHAREHOLDERS' ENGAGEMENT *(Continued)*

Shareholders' Right

Under Section 566 of the Companies Ordinance, Shareholders representing at least 5% of the total voting rights of all the Shareholders having a right to vote at the GMs are entitled to send a request to the Company to convene a GM. Such requisition must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. The request may be sent to the registered office of the Company in hard copy form or to the email address of the Company in electronic form and must be authenticated by the Shareholder(s) making it.

Moreover, in relation to an AGM which the Company is required to hold, Sections 615 and 616 of the Companies Ordinance provide that Shareholders representing at least 2.5% of the total voting rights of all Shareholders having a right to vote on the resolution at the AGM or at least 50 Shareholders having a right to vote on the resolution at the AGM may request the Company to circulate a notice of the resolution for consideration at the AGM. Such request, which must be authenticated by the Shareholders making it, may be sent to the registered office of the Company in hard copy form or to the email address of the Company in electronic form.

The Shareholders can make enquiries or proposals to the Company through the following means:

Telephone: (852) 2527 1821
Fax: (852) 2861 3771
Post: Room 2500, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong
Email: enquiry@wahha.com

CHANGE IN CONSTITUTIONAL DOCUMENTS

During the year ended 31 March 2023, there were no changes to the Company's Articles. The latest version of the same is posted on the respective websites of the Stock Exchange and the Company.

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 31 March 2023.

Independent Auditor's Report



羅兵咸永道

To the Members of Wah Ha Realty Company Limited

(incorporated in Hong Kong with limited liability)

OPINION

What we have audited

The consolidated financial statements of Wah Ha Realty Company Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 71 to 123, comprise:

- the consolidated balance sheet as at 31 March 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

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Independent Auditor's Report *(CONTINUED)*

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is relating to valuation of investment properties held by the Group and its associated companies.

Key Audit Matter

How our audit addressed the Key Audit Matter

Valuation of investment properties held by the Group and its associated companies

Refer to notes 2(e), 4(a), 8, 14 and 16 to the consolidated financial statements.

The Group's investment properties were carried at HK\$213.2 million as at 31 March 2023 which were stated at fair values. Included in investments in associated companies were the Group's share of carrying value of investment properties held by associated companies of HK\$640.0 million. Fair value losses of investment properties of HK\$7.1 million were accounted for in the Group's consolidated statement of comprehensive income for the year ended 31 March 2023, 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\$13.7 million.

Fair values of investment properties held by the Group and its associated companies are supported by valuations performed by an independent external valuer.

In valuing investment properties, the valuer used direct comparison method and income capitalisation method, which dependent on certain key assumptions that required significant management judgement, including applying unobservable inputs into the valuation model.

We focused on this area because of the significant balance of investment properties and the significant judgements and estimates involved in determining the valuation.

We understood and evaluated the management's internal control and assessment process of valuation of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud.

We assessed the competency, capability and objectivity of the independent external valuer by considering their qualifications, experiences in the locations and segment of the investment properties valued.

We involved our in-house valuation experts to assess the appropriateness of the chosen valuation methods and the reasonableness of the key assumptions applied.

We compared the data inputs adopted in the valuations, such as recent transaction price of comparable properties and passing rent, on a sample basis, to recent renewal of the leases of the Group and its associated companies, or market data.

Based on the audit evidence obtained, we consider the key assumptions used in the valuation of investment properties held by the Group and its associated companies were supported by the available evidence.

Independent Auditor's Report *(CONTINUED)*

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Independent Auditor's Report *(CONTINUED)*

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ms. Xu Yi Jing Vivian.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 29 June 2023

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2023

	<i>Note</i>	2023 HK\$	2022 HK\$
Revenues	5	38,611,721	7,812,695
Changes in fair value of investment properties	14	(7,100,000)	100,000
Net fair value losses on financial assets at fair value through profit or loss		–	(205,407)
Losses on disposal on financial assets at fair value through profit or loss		(68,378)	–
Other (losses)/gains	6	(6,209,652)	3,491,274
Direct outgoings in relation to properties that generate income	7	(2,320,516)	(1,505,363)
Cost of sales of completed properties		(1,091,095)	–
Staff costs	7	(8,643,174)	(8,559,287)
Other operating expenses	7	(2,447,275)	(1,817,959)
Operating profit/(loss)		10,731,631	(684,047)
Share of results of associated companies	8	11,737,161	38,599,505
Profit before income tax		22,468,792	37,915,458
Income tax (expenses)/credit	11	(2,712,617)	1,064,904
Profit and total comprehensive income attributable to equity holders of the Company		19,756,175	38,980,362
Dividends	12	41,126,400	41,126,400
Earnings per share (Basic and diluted)	13	0.16	0.32

The notes on pages 76 to 123 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 March 2023

	<i>Note</i>	2023 HK\$	2022 HK\$
ASSETS			
Non-current assets			
Investment properties	14	213,200,000	220,300,000
Investments in associated companies	16	803,654,069	816,816,908
Deferred income tax assets	23	7,197,896	6,146,263
		1,024,051,965	1,043,263,171
Current assets			
Completed properties held for sale	17	695,374	1,456,911
Amounts due from associated companies	16	–	38,231,825
Trade and other receivables	18	2,214,075	1,171,858
Income tax recoverable		–	3,029
Financial assets at fair value through profit or loss	19	–	1,465,790
Cash and bank balances	20	313,875,081	277,613,090
		316,784,530	319,942,503
Total assets		1,340,836,495	1,363,205,674
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	21	78,624,000	78,624,000
Retained profits	22		
– Proposed dividends	12	27,820,800	27,820,800
– Others		1,129,616,898	1,150,987,123
		1,157,437,698	1,178,807,923
Total equity		1,236,061,698	1,257,431,923

	<i>Note</i>	2023 HK\$	2022 HK\$
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	<i>23</i>	1,076,478	896,422
Current liabilities			
Amounts due to associated companies	<i>16</i>	95,366,033	98,066,033
Trade and other payables	<i>24</i>	4,749,042	6,811,296
Income tax payable		3,583,244	–
		103,698,319	104,877,329
Total liabilities		104,774,797	105,773,751
Total equity and liabilities		1,340,836,495	1,363,205,674
Net current assets		213,086,211	215,065,174

The financial statements on page 71 to 123 were approved by the Board of Directors on 29 June 2023 and were signed on its behalf.

Cheung Kee Wee
Director

Cheung Lin Wee
Director

The notes on pages 76 to 123 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2023

<i>Note</i>	2023 HK\$	2022 HK\$
Cash flows from operating activities		
	22,468,792	37,915,458
Profit before income tax		
	7,100,000	(100,000)
Changes in fair value of investment properties		
	(11,737,161)	(38,599,505)
Share of results of associated companies		
	6,397,068	(3,303,232)
Exchange losses/(gains)		
Operating profit/(loss) before working capital changes		
	24,228,699	(4,087,279)
Decrease in completed properties held for sale		
	761,537	–
Increase in trade and other receivables		
	(1,042,217)	(264,251)
Decrease in financial assets at fair value through profit or loss		
	1,465,790	205,407
(Decrease)/increase in trade and other payables		
	(2,062,254)	2,814,918
Net cash generated from/(used in) operations		
	23,351,555	(1,331,205)
Hong Kong profits tax refunded		
	2,079	4,581
Net cash generated from/(used in) operating activities		
	23,353,634	(1,326,624)
Cash flows from investing activities		
	(1,927,500)	(5,217,500)
Fund transfer to associated companies		
	62,359,325	40,765,195
Fund transfer and dividends received from associated companies		
Net cash generated from investing activities		
	60,431,825	35,547,695
Cash flows from financing activity		
	(41,126,400)	(41,126,400)
Dividends paid to the Company's equity holders		
Net increase/(decrease) in cash and cash equivalents		
	42,659,059	(6,905,329)
Cash and cash equivalents at beginning of the year		
	277,613,090	281,215,187
Exchange (losses)/gains		
	(6,397,068)	3,303,232
Cash and cash equivalents at end of the year		
<i>20</i>	313,875,081	277,613,090

The notes on pages 76 to 123 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

	<i>Note</i>	2023 HK\$	2022 HK\$
Total equity at beginning of the year		1,257,431,923	1,259,577,961
Profit and total comprehensive income for the year	22	19,756,175	38,980,362
Transactions with equity holders			
Dividends	22	(41,126,400)	(41,126,400)
Total equity at end of the year		1,236,061,698	1,257,431,923

The notes on pages 76 to 123 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 investments holding, fund management 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 29 June 2023.

As at 31 March 2023, 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\$640.0 million. Fair value losses of investment properties of HK\$7.1 million were accounted for in the Group's consolidated statement of comprehensive income for the year ended 31 March 2023, 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\$13.7 million.

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") and requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of 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.

(b) Changes in accounting policies and disclosures

New and amended standards adopted by the Group

The Group has applied the following amended standards for the first time for the annual reporting period commencing on 1 April 2022:

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

Notes to the Consolidated Financial Statements *(CONTINUED)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Changes in accounting policies and disclosures *(Continued)*

New standards, amendments to existing standards and interpretation which have been issued but are not effective for the financial year beginning on 1 April 2022 and have not been early adopted

		Effective for accounting periods beginning on or after
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
HKFRS 17	Amendments to HKFRS 17	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to HKAS 8	Definition of accounting estimates	1 January 2023
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Hong Kong interpretations 5 (2020)	Presentation of financial statements-classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2024 ¹
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2024
Amendments to HKAS 1	Non-current liabilities with Covenants	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

¹ HK Int 5 (2020) was revised as a consequence of the Amendments to HKAS 1 and should only be applied when an entity applies the Amendments to HKAS 1. The Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2024, and early application is permitted.

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 is not expected to have any significant impact on the Group's results of operations and financial position.

(c) Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 March 2023.

(i) *Subsidiaries*

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Notes to the Consolidated Financial Statements *(CONTINUED)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Consolidation *(Continued)*

(i) Subsidiaries *(Continued)*

Business combinations (Continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the consolidated statement of comprehensive income as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

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

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2(f).

Notes to the Consolidated Financial Statements *(CONTINUED)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(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 at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

All foreign exchange gains and losses are presented in profit or loss on a net basis within other (losses)/gains.

(e) Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group are classified as investment properties.

All leases that meet the definition of investment properties are classified as investment properties and measured at fair value.

Investment properties are initially measured at cost including related transaction costs and where applicable borrowing costs.

After initial recognition, investment properties are carried at fair value. Investment properties that are being redeveloped for continuing use as investment properties, or for which the market has become less active, continue to be measured at fair value.

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as at the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements.

The fair value of investment properties reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the properties under current market conditions.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the cost of the replacement is included in the carrying amount of the property, and the fair value is reassessed.

Changes in fair values are recognised in the profit or loss. Investment properties are derecognised when they have been disposed of.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustments is recorded in the profit or loss within net gain from fair value adjustment on investment property.

If an investment property becomes owner occupied, it is reclassified as property, plant and equipment. Its fair value as at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item as at the date of transfer is treated in the same way as a revaluation under HKAS 16. Any resulting increase in the carrying amount of the property is recognised in the consolidated statement of comprehensive income to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increased directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to the consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements *(CONTINUED)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

Assets are tested 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(g) Investments and other financial assets

(i) Classification

The Group classifies its financial assets to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way 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 are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial asset carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are one measurement categories to classify the debt instruments:

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.

(iv) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 18 for further details.

(h) Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 2(g)(iii) for further information about the Group's accounting for trade receivables and note 2(g)(iv) for a description of the Group's impairment policies.

Notes to the Consolidated Financial Statements *(CONTINUED)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(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.

(j) Cash and cash equivalents

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(l) Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

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 places 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 considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax

Deferred income tax is provided in full, 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, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax liabilities are provided on taxable 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 tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(m) Employee benefits

The Group participates in two defined contribution retirement benefits schemes. The Group's contributions under the schemes are charged to profit or loss 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.

Notes to the Consolidated Financial Statements *(CONTINUED)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) 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.

Where 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 management's best estimate of the expenditures required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

(o) Leases

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

(p) Revenue recognition

(i) *Rental income*

Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants which constitutes lease modification under HKFRS 16 'Leases', the cost of the incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

(ii) Sales of properties

Revenue arising from the sale of properties developed for sale in the ordinary course of business is recognised when the legal assignment is completed or the property is accepted by the customers, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position and regarded as contract liabilities.

A contract liability is recognised when an entity's obligation to transfer the properties to a customer for which the entity has received consideration (or the amount is due) from the customer.

(iii) Management fee income and construction supervision fee

Revenue from providing management services and construction supervision services is recognised over time in the accounting period in which control of the services are passed to the customers, which is the services are rendered as the customers receives and uses the benefits simultaneously.

(iv) Bank interest income

Bank interest income is recognised on a time-proportion basis using the effective interest method.

(v) Dividend income

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

(q) 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 executive directors that makes strategic decisions.

Notes to the Consolidated Financial Statements *(CONTINUED)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) 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 holder, as appropriate.

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 respective entities of the Group.

The majority of the Group's monetary assets and monetary liabilities are denominated in Hong Kong dollar, except for bank deposits which are denominated in the United States dollar ("USD") and Renminbi ("RMB").

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

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 31 March 2023, if Hong Kong dollar had strengthened or weakened by 1% (2022: 1%) against RMB, with all other variables held constant, profit before income tax for the year would have been lower/higher by approximately HK\$804,000 (2022: HK\$850,000) as a result of foreign exchange differences arising from bank deposits.

(ii) *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 profit before tax assuming a reasonable possible change in interest rates for bank deposits, with all other variables held constant.

As at 31 March 2023, if market interest rates had been 50 basis points higher/lower, the Group's profit before tax would increase/decrease by approximately HK\$1,548,000 (2022: HK\$1,370,000).

The Group has no interest bearing liabilities.

(iii) *Credit risk*

(a) *Risk management*

The carrying amounts of trade and other receivables, amounts due from associated companies, and bank deposits and balances represent the Group's maximum exposure to credit risk in relation to financial assets.

Bank deposits and balances 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, where necessary.

Notes to the Consolidated Financial Statements *(CONTINUED)*

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Financial risk factors *(Continued)*

(iii) Credit risk (Continued)

(b) Impairment of financial assets

Trade receivables

Given the track record of regular repayment of trade receivables, the directors are of the opinion that the risk of default by these customers is not significant, taking into account forward-looking information on macroeconomics factors. Therefore, expected credit loss rate of trade receivables is assessed to be insignificant. There is no loss allowance as at 31 March 2023 (2022: Same).

Other financial assets at amortised cost

Other financial assets at amortised cost include amounts due from associated companies, other receivables and cash and bank balances. The financial positions and performances of the counterparties 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 31 March 2023 (2022: Same).

(iv) 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 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.

	Repayable on demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
At 31 March 2023					
Amounts due to associated companies	95,366,033	–	–	–	95,366,033
Trade and other payables	–	3,846,988	482,972	–	4,329,960
At 31 March 2022					
Amounts due to associated companies	98,066,033	–	–	–	98,066,033
Trade and other payables	–	4,137,739	–	–	4,137,739

(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 31 March 2022 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 carrying amounts of trade and other receivables, cash and bank balances, trade and other payables and amounts due from/to associated companies approximate their fair values.

Notes to the Consolidated Financial Statements *(CONTINUED)*

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Fair value estimation *(Continued)*

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).

See Note 14 for disclosures of the investment properties that are measured at fair value.

There were no transfers between levels 1 and 2 during the year.

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 as adjusted for current market conditions and other factors.

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

(a) Fair values of investment properties

The fair values of investment properties of the Group and associated companies are determined by an independent valuer on an open market for existing use basis with reference to comparable market transactions, and takes into account the current passing rental income and the capitalisation rate are then applied respectively to derive the market value of the property. 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; and
- (ii) Current passing rental income and capitalisation rate.

If information on current prices of investment properties is not available, the fair values of investment properties are determined using current passing rental income and capitalisation rate. The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

The determination of the fair value involves certain assumptions of market conditions which are set out in Note 14 and 16. Judgement is required to determine the method of valuation and the key parameters used in the valuation are reflective of the current market conditions. The Group considers the valuation of the investment properties is the best estimate. Changes to the assumptions would result in changes in the fair value of the investment properties and the corresponding adjustment to the amount of gain or loss reported in the consolidated statement of comprehensive income.

(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 transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. 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.

Notes to the Consolidated Financial Statements *(CONTINUED)*

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(b) Income taxes *(Continued)*

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

	2023 HK\$	2022 HK\$
Rental income		
Investment properties	2,721,136	1,683,786
Other properties	1,687,480	1,640,891
Bank interest income	7,203,874	2,951,155
Dividend income	324,868	3,570
Revenue under HKFRS 15		
<i>Recognised at point in time</i>		
Sales of completed properties held for sale	25,000,000	–
<i>Recognised over time</i>		
Management fee income	1,674,363	1,533,293
	38,611,721	7,812,695

6 OTHER (LOSSES)/GAINS

	2023 HK\$	2022 HK\$
Net exchange (losses)/gains	(6,397,068)	3,303,232
Sundries	187,416	188,042
	(6,209,652)	3,491,274

7 EXPENSES BY NATURE

	2023 HK\$	2022 HK\$
Direct outgoings in relation to properties that generate income		
Investment properties	1,054,516	972,871
Other properties	1,266,000	532,492
	2,320,516	1,505,363
Staff costs (including Directors' remuneration)		
Salaries and other emoluments	8,031,137	7,970,091
Contributions to retirement schemes	612,037	589,196
	8,643,174	8,559,287
Other operating expenses		
Auditor's remuneration		
Audit fees	560,100	560,100
Non-audit fees	389,000	389,000
Others	1,498,175	868,859
	2,447,275	1,817,959

8 SHARE OF RESULTS OF ASSOCIATED COMPANIES

The Group's share of results of associated companies included the Group's share of fair value losses on investment properties held by associated companies amounting to HK\$13,650,000 (2022: gains of HK\$2,900,000), which arise from investment properties held by associated companies with the Group's share of the carrying value amounting to HK\$639,950,000 (2022: HK\$653,600,000).

Notes to the Consolidated Financial Statements (CONTINUED)

9 REMUNERATION OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

The remuneration of each of the Directors and the chief executive is set out below:

Year ended 31 March 2023

Emoluments paid or payable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking:

	Fees HK\$	Salaries HK\$	Total HK\$
Executive Directors			
Mr. Cheung Kee Wee (<i>Chairman</i>) (<i>Note (a)</i>)	150,000	300,000	450,000
Mr. Cheung Lin Wee (<i>Note (a)</i>)	150,000	300,000	450,000
Mr. Cheung Ying Wai, Eric (<i>Note (a)</i>)	150,000	300,000	450,000
Non-executive Director			
Mr. Ng Kwok Tung	150,000	–	150,000
Independent Non-executive Directors			
Mr. Chan Woon Kong	150,000	–	150,000
Mr. Au-Yang Cheong Yan, Peter (<i>Note (c)</i>)	87,500	–	87,500
Mr. Chan Wing Tat	150,000	–	150,000
Mr. Kok Lap Seng	150,000	–	150,000
	1,137,500	900,000	2,037,500

Year ended 31 March 2022

Emoluments paid or payable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking:

	Fees HK\$	Salaries HK\$	Total HK\$
Executive Directors			
Mr. Cheung Kee Wee (<i>Chairman</i>) (<i>Note (a)</i>)	150,000	300,000	450,000
Mr. Cheung Lin Wee (<i>Note (a)</i>)	150,000	300,000	450,000
Mr. Cheung Ying Wai, Eric (<i>Note (a)</i>)	150,000	300,000	450,000
Non-executive Director			
Mr. Ng Kwok Tung	150,000	–	150,000
Independent Non-executive Directors			
Mr. Chan Woon Kong	150,000	–	150,000
Mr. Au-Yang Cheong Yan, Peter	150,000	–	150,000
Mr. Chan Wing Tat	150,000	–	150,000
Mr. Kok Lap Seng	150,000	–	150,000
	1,200,000	900,000	2,100,000

During the year, apart from the emoluments disclosure in above, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the Directors; nor are any payable (2022: Nil). No consideration was provided to or receivable by third parties for making available directors' services (2022: Nil). There are no loans, quasi-loans or other dealings in favour of the Directors, their controlled bodies corporate and connected entities (2022: None).

No director of the Company and their connected entities had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of the year or at any time during the year (2022: None).

Notes to the Consolidated Financial Statements (CONTINUED)

9 REMUNERATION OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS (Continued)

Note:

- (a) The Directors took the role of chief executive of the Company.
- (b) No other emoluments were paid and none of the Directors have waived the right to receive their emoluments for the years ended 31 March 2023 and 2022.
- (c) The Director resigned on 1 November 2022.

Of the five individuals with the highest emoluments in the Group, five of them were not directors of the Company (2022: of the five individuals with the highest emoluments in the Group, three of them were not directors of the Company). Three directors of the Company had the same emoluments for the year in which none of them are regarded as the five individuals with the highest emoluments in the Group for the year (2022: three directors of the Company had the same emoluments for the year in which any two of them are regarded as the five individuals with the highest emoluments in the Group for the year). The emoluments paid to the five highest paid individuals of the Group during the year were as follow:

	2023 HK\$	2022 HK\$
Salaries and other emoluments	3,356,245	3,372,254
Contributions to retirement schemes	315,853	207,864
	3,672,098	3,580,118

The emoluments of four highest paid individuals (2022: four) are below HK\$1,000,000 for the year ended 31 March 2023 and the emoluments of the remaining individual is within HK\$1,000,001 to HK\$1,500,000.

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.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

There were no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) to offset existing contributions under the defined contribution schemes.

11 INCOME TAX (EXPENSES)/CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profit for the year.

	2023 HK\$	2022 HK\$
Hong Kong profits tax		
Provision for the year	(3,584,194)	–
Deferred income tax (<i>Note 23</i>)	871,577	1,064,904
	(2,712,617)	1,064,904

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 place in which the Group operates, as follows:

	2023 HK\$	2022 HK\$
Profit before income tax	22,468,792	37,915,458
Share of results of associated companies	(11,737,161)	(38,599,505)
	10,731,631	(684,047)
Calculated at a tax rate of 16.5% (2022: 16.5%)	(1,770,719)	112,868
Income not subject to tax	1,326,603	1,558,654
Expenses not deductible for tax purposes	(2,362,641)	(539,031)
Utilisation of previously unrecognised tax losses	2,492	–
Tax losses not recognised	(85,352)	(76,517)
Effect of change in tax rate (<i>Note</i>)	165,000	4,465
Statutory tax reduction	12,000	4,465
Income tax (expense)/credit	(2,712,617)	1,064,904

Notes to the Consolidated Financial Statements (CONTINUED)

11 INCOME TAX (EXPENSES)/CREDIT (Continued)

Note: For the year ended 31 March 2023, the applicable statutory Corporate Income Tax rate in Hong Kong is 8.25% on assessable profits up to HK\$2 million and 16.5% on any part of the assessable profits over HK\$2 million (2022: Same). The change to the two-tiered profits tax rates was enacted on 29 March 2018 by the Inland Revenue department of Hong Kong, effective from the year of assessment 2018/19. However, for two or more connected entities in the Group, only one of them may elect the two-tiered profits tax rates.

12 DIVIDENDS

	2023 HK\$	2022 HK\$
Interim dividend paid of HK11 cents (2022: HK11 cents) per share	13,305,600	13,305,600
Proposed final dividend of HK11 cents (2022: HK11 cents) per share	13,305,600	13,305,600
Proposed special dividend of HK12 cents (2022: HK12 cents) per share	14,515,200	14,515,200
	41,126,400	41,126,400

Note: At the Board meeting held on Thursday, 29 June 2023, the Board of Directors proposed a final dividend of HK11 cents per share and a special dividend of HK12 cents per share. These proposed dividends will be accounted for as an appropriation of retained profits for the year ending 31 March 2024.

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.

	2023 HK\$	2022 HK\$
Profit attributable to equity holders of the Company	19,756,175	38,980,362
Weighted average number of ordinary shares in issue	120,960,000	120,960,000
Earnings per share (Basic and diluted)	0.16	0.32

The Company has no dilutive potential ordinary shares.

14 INVESTMENT PROPERTIES

	2023 HK\$	2022 HK\$
At valuation		
At beginning of the year	220,300,000	220,200,000
Fair value (losses)/gains	(7,100,000)	100,000
At end of the year	213,200,000	220,300,000

The investment properties are held on leases of over 50 years in Hong Kong.

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.

(i) Amount recognised in profits or loss for investment properties

	2023 HK\$	2022 HK\$
Rental income from operating leases	2,721,136	1,683,786
Direct operating expenses from property that generated rental income	(1,054,516)	(972,871)
Fair value (losses)/gains recognised in profit or loss	(7,100,000)	100,000

(ii) Leasing arrangements

The investment properties are leased to tenants under operating leases with rental payable monthly.

For minimum lease payments receivable on leases of investment properties, refer to Note 25.

(iii) Fair value hierarchy for recurring fair value measurements

The revaluation gains or losses is included in "Changes in fair value of investment properties" in the consolidated statement of comprehensive income. The following table analyses the investment properties carried at fair value, by valuation method.

Notes to the Consolidated Financial Statements (CONTINUED)

14 INVESTMENT PROPERTIES (Continued)

(iii) Fair value hierarchy for recurring fair value measurements (Continued)

Description	Fair value measurements		
	Quoted prices in active markets for identical assets (Level 1) HK\$	Significant other observable inputs (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$
31 March 2023			
Investment properties:			
– Commercial building	–	–	7,200,000
– Apartment	–	–	73,000,000
– House	–	–	133,000,000
			213,200,000
31 March 2022			
Investment properties:			
– Commercial building	–	–	7,300,000
– Apartment	–	–	75,000,000
– House	–	–	138,000,000
			220,300,000

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels 1, 2 and 3 during the year.

The following table presents the changes in level 3 assets for the year ended 31 March 2023 and 2022.

	Investment properties	
	2023 HK\$	2022 HK\$
Opening balance	220,300,000	220,200,000
Unrealised net fair value (losses)/gains for the year included in the profit or loss for assets held at the end of the year	(7,100,000)	100,000
Closing balance	213,200,000	220,300,000

Valuation processes of the Group

The Group's investment properties were valued at 31 March 2023 and 2022 by an independent professionally qualified valuer who holds recognised relevant professional qualifications and has recent experience in the locations and segments of the investment properties valued.

Discussions of valuation processes and results are held between the chief financial officer, the finance team and valuer at least once every six months, in line with the Group's interim and annual reporting dates. As at 31 March 2023 and 2022, the fair values of the properties have been determined by C S Surveyors Limited.

Valuation techniques

Fair value measurements using significant unobservable inputs

Fair values of investment properties of the Group are generally derived using the direct comparison method. However, given the unique nature and lack of recent transaction of certain properties, significant adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration. The ranges of unobservable input are similar between the commercial building, the apartment and the house. These significant unobservable inputs include as at 31 March 2023 and 31 March 2022 were as follows:

Description	Valuation technique	Unobservable inputs	Range of unobservable input	Relationship of unobservable inputs to fair value
Commercial building, apartment and house	Direct comparison method	Adjusted price	HK\$8,700 to HK\$52,000 per square feet	The higher the adjusted price, the higher the fair value

Notes to the Consolidated Financial Statements (CONTINUED)

15 SUBSIDIARIES

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

Name	Principal activities	Particulars of issued share capital
Galy Property Management Limited	Property management	2 ordinary shares
Khanman Property Limited	Property investment	2 ordinary shares
Tai Kong Shan Realty Limited	Property investment	100,000 ordinary shares
Wah Ha Construction Company Limited	Building contractor	2 ordinary shares
WH Properties Limited	Property investment	100 ordinary shares

Note:

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

16 ASSOCIATED COMPANIES

	2023 HK\$	2022 HK\$
Share of net assets	803,654,069	816,816,908
Amounts due from associated companies (<i>Note</i>)	–	38,231,825
Amounts due to associated companies (<i>Note</i>)	(95,366,033)	(98,066,033)

Note:

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

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.

Summarised financial information for associated companies

Set out below are the associated companies of the Group as at 31 March 2023, which, in the opinion of the Directors, are material to the Group. The results of the associated companies and the Group's share of assets and liabilities of the associated companies are summarised as follows:

	Daily Eagle Development Limited		Remadour Estate Limited		Hinquand Enterprise Limited		Wah Ha Property Development Limited	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Revenue	42,075	40,757	5,286	5,351	6,454	6,391	1,310	1,318
(Loss)/profit for the year	(16,775)	32,231	3,177	11,591	4,790	4,785	(1,296)	1,404
Dividends received from associated companies	8,700	9,000	–	1,600	–	–	1,150	–
Current								
Assets	20,125	21,403	5,560	2,331	39,471	34,546	755	1,979
Liabilities	(10,190)	(10,353)	(1,357)	(1,417)	(1,711)	(1,674)	(290)	(235)
Total current net assets	9,935	11,050	4,203	914	37,760	32,872	465	1,744
Non-current								
Assets	1,500,000	1,550,000	460,000	460,000	230,000	230,000	69,900	72,200
Liabilities	(12,762)	(12,301)	(3,568)	(3,455)	(2,452)	(2,353)	(373)	(356)
Total non-current net assets	1,487,238	1,537,699	456,432	456,545	227,548	227,647	69,527	71,844
Net assets	1,497,173	1,548,749	460,635	457,459	265,308	260,519	69,992	73,588
Interest in associated companies (25%; 25%; 50%; 50%)	374,293	387,187	115,159	114,365	132,654	130,259	34,996	36,794
Carrying value	374,293	387,187	115,159	114,365	132,654	130,259	34,996	36,794

The information above reflects the amounts presented in the financial statements of the associated companies in which the accounting policies are consistent to the Group.

Note:

There are no contingent liabilities relating to the Group's interest in the associated companies as at 31 March 2023 and 2022.

Notes to the Consolidated Financial Statements (CONTINUED)

16 ASSOCIATED COMPANIES (Continued)

Summarised financial information for associated companies (Continued)

Aggregate information of associated companies that are not individually material:

	2023 HK\$'000	2022 HK\$'000
The Group's share of results from operations and total comprehensive income	13,390	24,550
Group's share of net assets	146,552	148,212

Particulars of the associated companies are as follows:

Name	Principal activities	Particulars of issued shares	Effective percentage of equity held by the Group	
			2023	2022
Daily Eagle Development Limited	Property development	4 ordinary shares	25	25
Fu Kung San Realty Limited	Investment holding	100 ordinary shares	50	50
Fupoly Properties Limited	Property investment	10,000 ordinary shares	25	25
Hinquand Enterprise Limited	Property investment	1,000 ordinary shares	50	50
Keneva Company Limited	Property development	20 ordinary shares	25	25
Kin Yuen Hing Investment Company Limited	Property development	200,000 ordinary shares	50	50
Remadour Estate Limited	Property investment	10,000 ordinary shares	25	25
Sing Mei Properties Limited	Property investment	69,513 ordinary shares	25	25

Name	Principal activities	Particulars of issued shares	Effective percentage of equity held by the Group	
			2023	2022
Star Fortune Investments Limited	Property development	2 ordinary shares	50	50
Sun Prince Godown Limited	Property investment	100,000 ordinary shares	50	50
Sun Tai Tsuen Godown Company Limited	Property investment	100,000 ordinary shares	50	50
Wah Ha Property Development Limited	Property investment	10 ordinary shares	50	50

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.

Investment properties held by associated companies

	2023 HK\$	2022 HK\$
At valuation		
At beginning of the year	653,600,000	650,700,000
Fair value (losses)/gains	(13,650,000)	2,900,000
At end of the year	639,950,000	653,600,000

The investment properties are held on leases of over 50 years in Hong Kong.

The associated companies 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.

Notes to the Consolidated Financial Statements (CONTINUED)

16 ASSOCIATED COMPANIES (Continued)

Investment properties held by associated companies (Continued)

Fair value hierarchy for recurring fair value measurements

The revaluation gains or losses is included in "Share of results of associated companies" in the consolidated statement of comprehensive income. The following table analyses the investment properties carried at fair value, by valuation method.

Description	Fair value measurements		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	HK\$	HK\$	HK\$
31 March 2023			
Investment properties:			
– Commercial building	–	–	491,950,000
– House	–	–	148,000,000
			639,950,000
31 March 2022			
Investment properties:			
– Commercial building	–	–	504,600,000
– House	–	–	149,000,000
			653,600,000

The associated companies' policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels 1, 2 and 3 during the year.

The following table presents the changes in level 3 assets for the year ended 31 March 2023 and 2022.

	Investment properties	
	2023 HK\$	2022 HK\$
Opening balance	653,600,000	650,700,000
Unrealised net fair value (losses)/gains for the year included in the profit or loss for assets held at the end of the year	(13,650,000)	2,900,000
Closing balance	639,950,000	653,600,000

Valuation processes of the associated companies

The associated companies' investment properties were valued at 31 March 2023 and 2022 by an independent professionally qualified valuer who holds recognised relevant professional qualifications and has recent experience in the locations and segments of the investment properties valued.

Valuation techniques

Fair value measurements using significant unobservable inputs

Fair values of investment properties of the Group are generally derived using the direct comparison method and income capitalisation method. However, given the unique nature and lack of recent transaction of certain properties, significant adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration. The ranges of unobservable input are similar between the commercial building, the apartment and the house. These significant unobservable inputs include as at 31 March 2023 and 31 March 2022 were below:

Description	Valuation technique	Unobservable inputs	Range of unobservable input	Relationship of unobservable inputs to fair value
Commercial building and house (including carparks)	Direct comparison method	Adjusted price	HK\$5,400 to HK\$40,000 per square feet	The higher the adjusted price, the higher the fair value
	Income capitalisation method	Capitalisation rate	2.7%	The higher the capitalisation rate, the lower the fair value
		Monthly rental	HK\$14 per square feet per month	The higher the monthly rental per square feet, the higher the fair value

Notes to the Consolidated Financial Statements (CONTINUED)

17 COMPLETED PROPERTIES HELD FOR SALE

	2023 HK\$	2022 HK\$
Completed properties held for sale in Hong Kong		
At beginning of the year	1,456,911	1,456,911
Disposals	(761,537)	–
At end of the year	695,374	1,456,911

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

18 TRADE AND OTHER RECEIVABLES

	2023 HK\$	2022 HK\$
Trade receivables		
Within 3 months	457,865	453,428
4-6 months	–	15,000
Other receivables	1,398,255	433,194
Prepayments and utility deposits	357,955	270,236
	2,214,075	1,171,858

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 rental receivables are generally fully covered by the rental deposits from corresponding tenants. Management fee is normally due for payment upon presentation of debit note at the end of each month. The above ageing analysis is based on the debit note date.

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

- (b) The Group applies HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. There is no loss allowance as at 31 March 2023 (2022: Nil). Note 3(a)(iv) provides for details about the assessment of the allowance.

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 HK\$	2022 HK\$
Listed shares – Overseas	–	1,465,790

Financial assets at fair value through profit or loss are denominated in USD.

20 CASH AND BANK BALANCES

	2023 HK\$	2022 HK\$
Cash in hand	10,000	10,000
Bank balances	4,302,503	3,534,320
Bank deposits with original maturity of less than three months	309,562,578	274,068,770
	313,875,081	277,613,090

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

	2023 HK\$	2022 HK\$
The Bank of East Asia	265,202,144	192,542,976
The Bank of China	46,922,631	85,022,189
Others	1,740,306	37,925
	313,865,081	277,603,090

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

	2023 HK\$	2022 HK\$
Hong Kong dollar	231,717,640	192,553,561
United States dollar	1,740,300	37,920
Renminbi	80,417,141	85,021,609
	313,875,081	277,613,090

Notes to the Consolidated Financial Statements (CONTINUED)

21 SHARE CAPITAL

	2023 HK\$	2022 HK\$
Issued and fully paid:		
120,960,000 ordinary shares	78,624,000	78,624,000

22 RETAINED PROFITS

	HK\$
At 31 March 2021	1,180,953,961
Profit for the year	38,980,362
2021 final dividend	(13,305,600)
2021 special dividend	(14,515,200)
2022 interim dividend	(13,305,600)
At 31 March 2022	1,178,807,923
Profit for the year	19,756,175
2022 final dividend	(13,305,600)
2022 special dividend	(14,515,200)
2023 interim dividend	(13,305,600)
At 31 March 2023	1,157,437,698

23 DEFERRED INCOME TAX

Deferred income tax is calculated on temporary differences under the liability method using a tax rate of 16.5% (2022: 16.5%).

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and where the deferred taxation relates to the same fiscal authority. The amounts shown on the consolidated balance sheet are as follows:

	2023 HK\$	2022 HK\$
Deferred income tax assets	7,197,896	6,146,263
Deferred income tax liabilities	(1,076,478)	(896,422)
	6,121,418	5,249,841

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

The net deferred income tax assets and liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

	Net deferred income tax assets			Net deferred income tax liabilities			Total HK\$
	Tax losses HK\$	Set-off of Accelerated depreciation allowances	Subtotal HK\$	Accelerated depreciation allowances HK\$	Set-off of Tax losses HK\$	Subtotal HK\$	
		HK\$			HK\$		
At 31 March 2021	5,355,978	(215,610)	5,140,368	(2,497,730)	1,542,299	(955,431)	4,184,937
Credited/(charged) to consolidated statement of comprehensive income (<i>Note 11</i>)	1,013,589	(7,694)	1,005,895	(416,289)	475,298	59,009	1,064,904
At 31 March 2022	6,369,567	(223,304)	6,146,263	(2,914,019)	2,017,597	(896,422)	5,249,841
Credited/(charged) to consolidated statement of comprehensive income (<i>Note 11</i>)	1,059,327	(7,694)	1,051,633	(416,289)	236,233	(180,056)	871,577
At 31 March 2023	7,428,894	(230,998)	7,197,896	(3,330,308)	2,253,830	(1,076,478)	6,121,418

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\$900,299 (2022: HK\$814,947) arising from unused tax losses of HK\$5,456,356 (2022: HK\$4,939,074) have not been recognised in the consolidated financial statements. These tax losses have no expiry date.

Notes to the Consolidated Financial Statements (CONTINUED)

24 TRADE AND OTHER PAYABLES

	2023 HK\$	2022 HK\$
Trade payables	–	1,900
Other payables	2,518,833	2,045,148
Rental and utility deposits received	935,572	939,472
Receipts in advance	–	2,500,000
Accrued expenses	1,294,637	1,324,776
	4,749,042	6,811,296

The ageing analyses of the trade payables based on invoice date were as follows:

	2023 HK\$	2022 HK\$
Trade payables		
Within 3 months	–	1,900

25 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:

	2023 HK\$	2022 HK\$
First year	2,408,670	3,338,100
Second to third year	246,500	1,988,670
	2,655,170	5,326,770

26 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

27 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 fund investments and management.

Segment assets consist of investment properties, receivables, completed properties held for sale and cash and bank balances and exclude items such as tax recoverable and deferred income tax assets (2022: 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 tax recoverable and deferred income tax assets). Segment liabilities comprise operating liabilities and exclude items such as tax payable, unpaid dividend and deferred tax income liabilities.

Notes to the Consolidated Financial Statements (CONTINUED)

27 SEGMENT INFORMATION (Continued)

	Property development, investment and management HK\$	Fund investments and management HK\$	Total HK\$
Year ended 31 March 2023			
Bank interest income	–	7,203,874	7,203,874
Rental income	4,408,616	–	4,408,616
Sales of completed properties held for sale	25,000,000	–	25,000,000
Management fee income	1,674,363	–	1,674,363
Other revenues	–	324,868	324,868
Revenues	31,082,979	7,528,742	38,611,721
Segment results	18,514,722	1,063,297	19,578,019
Unallocated costs			(8,846,388)
Operating profit			10,731,631
Share of results of associated companies	11,737,161	–	11,737,161
Profit before income tax			22,468,792
Income tax expenses			(2,712,617)
Profit attributable to equity holders of the Company			19,756,175
Segment assets	214,732,761	315,251,769	529,984,530
Associated companies	803,654,069	–	803,654,069
Unallocated assets			7,197,896
Total assets			1,340,836,495
Segment liabilities	97,603,760	–	97,603,760
Unallocated liabilities			7,171,037
Total liabilities			104,774,797
Changes in fair value of investment properties	(7,100,000)	–	(7,100,000)
Losses on disposal of financial assets at fair value through profit or loss	–	(68,378)	(68,378)

	Property development, investment and management HK\$	Fund investments and management HK\$	Total HK\$
Year ended 31 March 2022			
Bank interest income	–	2,951,155	2,951,155
Rental income	3,324,677	–	3,324,677
Management fee income	1,533,293	–	1,533,293
Other revenues	–	3,570	3,570
Revenues	4,857,970	2,954,725	7,812,695
Segment results	1,465,205	6,052,550	7,517,755
Unallocated costs			(8,201,802)
Operating loss			(684,047)
Share of results of associated companies	38,599,505	–	38,599,505
Profit before income tax			37,915,458
Income tax credit			1,064,904
Profit attributable to equity holders of the Company			38,980,362
Segment assets	260,727,408	279,512,066	540,239,474
Associated companies	816,816,908	–	816,816,908
Unallocated assets			6,149,292
Total assets			1,363,205,674
Segment liabilities	102,833,097	–	102,833,097
Unallocated liabilities			2,940,654
Total liabilities			105,773,751
Changes in fair value of investment properties	100,000	–	100,000
Net fair value losses on financial assets at fair value through profit or loss	–	(205,407)	(205,407)

For the year ended 31 March 2023, there is one customer (2022: two) who individually contributed over 10% of the total revenue. The revenue contributed by this customer was HK\$23,000,000 (2022: HK\$2,521,764). The customers belong to the “property development, investment and management” segment.

Notes to the Consolidated Financial Statements (CONTINUED)

28 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

(a) Balance sheet of the Company

<i>Note</i>	2023	2022
	HK\$	HK\$
ASSETS		
Non-current assets		
Investment properties	73,000,000	75,000,000
Investments in subsidiaries	100,302	100,302
Investments in associated companies	1,088,096	1,088,096
Deferred income tax assets	7,197,896	5,972,858
	81,386,294	82,161,256
Current assets		
Completed properties held for sale	663,276	663,276
Amounts due from subsidiaries	133,807,427	135,345,427
Amount due from an associated company	–	38,231,825
Trade and other receivables	1,836,713	857,564
Financial assets at fair value through profit or loss	–	1,465,790
Cash and bank balances	311,311,349	274,450,232
	447,618,765	451,014,114
Total assets	529,005,059	533,175,370
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	78,624,000	78,624,000
Retained profits		
– Proposed dividends	27,820,800	27,820,800
– Others	297,775,037	321,925,658
28(b)	325,595,837	349,746,458
Total equity	404,219,837	428,370,458

<i>Note</i>	2023 HK\$	2022 HK\$
LIABILITIES		
Current liabilities		
Amount due to a subsidiary	25,333,797	2,987,797
Amounts due to associated companies	95,366,033	98,066,033
Trade and other payables	4,085,392	3,751,082
Total liabilities	124,785,222	104,804,912
Total equity and liabilities	529,005,059	533,175,370
Net current assets	322,833,543	346,209,202

The balance sheet of the Company was approved by the Board of Directors on 29 June 2023 and was signed on its behalf.

Cheung Kee Wee
Director

Cheung Lin Wee
Director

Notes to the Consolidated Financial Statements (CONTINUED)

28 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

(Continued)

(b) Reserve movement of the Company

	HK\$
At 31 March 2021	371,483,955
Profit for the year	19,388,903
2021 final dividend	(13,305,600)
2021 special dividend	(14,515,200)
2022 interim dividend	(13,305,600)
At 31 March 2022	349,746,458
Profit for the year	16,975,779
2022 final dividend	(13,305,600)
2022 special dividend	(14,515,200)
2023 interim dividend	(13,305,600)
At 31 March 2023	325,595,837

29 EVENTS AFTER THE BALANCE SHEET DATE

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.

Referring to the joint announcement issued by the Company dated 13 March 2023, on 13 March 2023, certain shareholders of the Company formally informed the Company with respect to the making of a voluntary unconditional cash offer to acquire all the Offer Shares (the "Offer"). The Company and the Offeror issued a joint announcement dated 8 June 2023 in relation to the Offer, the Offer was closed on 8 June 2023 and the Offeror received acceptances for a total of 46,953,629 shares. After these, the Offeror and the Offeror Concert Parties obtained 92.66% of the shares of the Company, and approximately 7.34% of the total issued shares were held by the public (as defined in the Listing Rules). Hence, the minimum public float requirement of 25% as set out in Rule 8.08(1)(a) of the Listing Rules is not satisfied. On 21 June 2023, the Company received a letter from the Stock Exchange setting out the additional resumption guidance for resumption of trading in the Shares to restore the minimum public float required under Rule 8.08(1) of the Listing Rules.

The Group will continue to operate its business in substantially its current state whilst the Company explores and considers available opportunities and options in formulating a feasible plan for the resumption of trading in the shares. If the Company fails to remedy the issues causing its trading suspension, fulfil the resumption guidance of the Stock Exchange and fully comply with the Listing Rules to the Stock Exchange's satisfaction and resume trading in the shares by 14 March 2024, the Listing Division will recommend the Listing Committee to proceed with the cancellation of the Company's listing.

Five Year Financial Summary

	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000
Results					
Year ended 31 March					
Revenues/turnover	38,612	7,813	9,184	14,689	15,769
Profit/(loss) before income tax	22,469	37,915	2,231	(49,633)	136,743
Profit/(loss) attributable to equity holders of the Company	19,756	38,980	3,065	(49,054)	137,210
Dividends	41,126	41,126	41,126	36,288	41,126
Assets and liabilities					
As at 31 March					
Investment properties	213,200	220,300	220,200	220,300	237,400
Investments in associated companies	803,654	816,817	788,927	808,497	854,250
Deferred income tax assets	7,198	6,146	5,140	4,201	3,381
Current assets	316,784	319,943	318,332	325,852	336,900
Total assets	1,340,836	1,363,206	1,332,599	1,358,850	1,431,931
Share capital	78,624	78,624	78,624	78,624	78,624
Retained profits	1,157,438	1,178,808	1,180,954	1,214,177	1,304,357
Total equity	1,236,062	1,257,432	1,259,578	1,292,801	1,382,981
Deferred income tax liabilities	1,076	897	955	849	608
Current liabilities	103,698	104,877	72,066	65,200	48,342
Total liabilities	104,774	105,774	73,021	66,049	48,950
Total equity and liabilities	1,340,836	1,363,206	1,332,599	1,358,850	1,431,931

Financial Summary of Associated Companies

For the year ended 31 March 2023

A significant portion of the Group's property development and investment activities is undertaken by associated companies. 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 31 March 2023:

	2023 HK\$000	2022 HK\$000
Results		
Revenues	120,256	150,790
Operating profit	112,522	118,148
Changes in fair value of investment properties	(52,300)	10,800
Profit before income tax	60,222	128,948
Income tax expense	(13,754)	(18,134)
Profit for the year	46,468	110,814
Group's share of results after income tax	11,737	38,600
Net assets		
Non-current assets	2,263,376	2,391,962
Current assets	275,212	274,074
Net amounts due from equity holders	221,368	184,534
Non-current liabilities	(19,154)	(18,466)
Current liabilities	(35,166)	(56,136)
Net assets	2,705,636	2,775,968
Group's share of net assets	803,654	816,817

Principal Properties

As at 31 March 2023

(A) FOR INVESTMENT

Description	Lot No.	Type	Approximate Gross Floor Area (sq. ft.)	Lease Term	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	960	Long Lease	WH Properties 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	3,100	Medium Lease	Wah Ha Realty Company Limited
House 11, No. 50 Stanley Village Road, Stanley	Rural Building Lot No. 243	Residential	2,725 (net)	Long Lease	Khanman Property Limited

Description	Lot No.	Type	Approximate Gross Floor Area (sq. ft.)	Lease Term	Owner
ASSOCIATED COMPANIES					
Hong Kong					
Flat 11 on G/F, Montane Mansion at No. 1028 King's Road, Quarry Bay	Sec. C of Inland Lot No. 8104	Commercial	430 (net)	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	22,666	Long Lease	Hinquand 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	3,090	Short 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	16,894	Long Lease	Remadour Estate Limited
Horizon Plaza at No. 2 Lee Wing Street, Ap Lei Chau West, Aberdeen	Ap Lei Chau Inland Lot No. 122	Commercial	496,834	Medium Lease	Daily Eagle Development Limited and Double Joy Investment Company Limited

Principal Properties *(CONTINUED)*

As at 31 March 2023

(B) FOR SALE

Description	Lot No.	Type	Approximate Gross Floor Area <i>(sq. ft.)</i>	Owner	Group's Effective Interest <i>(%)</i>
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
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					
Texaco Road Industrial Centre (27 units and 7 carparks) at Nos. 256-264 Texaco Road, Tsuen Wan	Tsuen Wan Town Lot Nos. 242 and 243	Industrial/ Godown	74,794	Sun Prince Godown Limited and Sun Tai Tsuen Godown Company Limited	50
Wing Kin Industrial Building (4 carparks) at Nos. 4-6 Wing Kin Road, Kwai Chung	Kwai Chung Town Lot No. 273	Industrial	N/A	Tai Kong Shan Realty Limited and Good Fully Realty Limited	50
Tsing Yi Industrial Centre (5 units and carparks) at Nos. 1-33 Cheung Tat Road, Tsing Yi	Tsing Yi Town Lot No. 65	Industrial/ Godown	60,744	Sing Mei Properties Limited	25
World Trade Square (128 units and carparks) at No. 21 On Lok Mun Street, On Lok Tsuen, Fanling	Fanling Sheung Shui Town Lot No. 12	Industrial/ Godown	148,081	Kin Yuen Hing Investment Company Limited and Kin Ngai Enterprises Limited	25