



華 廈 置 業 有 限 公 司

WAH HA REALTY COMPANY LIMITED

(Stock Code: 278)

INTERIM REPORT

for the six months ended 30 September 2023

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Mr. Ng Kwok Tung

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Mr. Chu Wing Man, Raymond

AUTHORISED REPRESENTATIVES

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

BANKER

The Bank of East Asia, Limited

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

SHARE REGISTRAR

Hongkong Managers and Secretaries Limited
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Citicorp Centre, 18 Whitfield Road
Causeway Bay, Hong Kong
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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>

The Board of Directors of Wah Ha Realty Company Limited (the "Company") (the "Board") announces that the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") and share of results of its associated companies for the six months ended 30 September 2023, with comparative figures of the previous period, are as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2023

		Six months ended	
		30 September	
	<i>Note</i>	2023	2022
		HK\$	HK\$
Revenues	5	10,428,839	30,367,740
Changes in fair value of investment properties		(22,300,000)	(7,100,000)
Net fair value losses on financial assets at fair value through profit or loss		–	(471,460)
Other losses	6	(4,904,533)	(8,991,163)
Direct outgoings in relation to properties that generate income		(507,786)	(1,389,026)
Cost of sales of completed properties		(39,086)	(1,091,095)
Staff costs		(4,102,195)	(3,792,476)
Other operating expenses		(3,368,875)	(1,175,773)
Operating (loss)/profit		(24,793,636)	6,356,747
Share of results of associated companies (including share of fair value loss on investment properties of HK\$27,175,000 (2022: HK\$13,550,000))		(17,965,276)	44,850
(Loss)/profit before income tax		(42,758,912)	6,401,597
Income tax credit/(expenses)	7	173,636	(3,253,717)
(Loss)/profit and total comprehensive (loss)/income attributable to equity holders of the Company		(42,585,276)	3,147,880
(Loss)/earnings per share (Basic and diluted)	8	(0.35)	0.03
Dividends	9	13,305,600	13,305,600

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2023

		30 September	31 March
		2023	2023
	<i>Note</i>	HK\$	HK\$
ASSETS			
Non-current assets			
Investment properties		190,900,000	213,200,000
Investments in associated companies	10	785,688,793	803,654,069
Deferred income tax assets		7,670,757	7,197,896
		984,259,550	1,024,051,965
Current assets			
Completed properties held for sale		670,312	695,374
Trade and other receivables	11	2,317,894	2,214,075
Cash and bank balances		322,965,411	313,875,081
		325,953,617	316,784,530
Total assets		1,310,213,167	1,340,836,495
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	12	78,624,000	78,624,000
Retained profits	13		
– Proposed interim dividends	9	13,305,600	–
– Proposed final dividends		–	27,820,800
– Others		1,073,726,022	1,129,616,898
		1,087,031,622	1,157,437,698
Total equity		1,165,655,622	1,236,061,698

	30 September	31 March
	2023	2023
<i>Note</i>	HK\$	HK\$
LIABILITIES		
Non-current liabilities		
Deferred income tax liabilities	1,164,644	1,076,478
Current liabilities		
Amounts due to associated companies	<i>10</i> 106,276,033	95,366,033
Trade and other payables	<i>14</i> 33,322,565	4,749,042
Income tax payable	3,794,303	3,583,244
	143,392,901	103,698,319
Total liabilities	144,557,545	104,774,797
Total equity and liabilities	1,310,213,167	1,340,836,495
Net current assets	182,560,716	213,086,211

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Six months ended	
	30 September	
	2023	2022
	HK\$	HK\$
Total equity at beginning of the period	1,236,061,698	1,257,431,923
(Loss)/profit and total comprehensive (loss)/income for the period	(42,585,276)	3,147,880
Transactions with equity holders Dividends	(27,820,800)	(27,820,800)
Total equity at end of the period	<u>1,165,655,622</u>	<u>1,232,759,003</u>

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023	2022
	HK\$	HK\$
Cash flows from operating activities		
(Loss)/profit before income tax	(42,758,912)	6,401,597
Changes in fair value of investment properties	22,300,000	7,100,000
Share of results of associated companies	17,965,276	(44,850)
Exchange losses	4,915,633	8,991,163
	<u>2,421,997</u>	<u>22,447,910</u>
Operating profit before working capital changes	2,421,997	22,447,910
Decrease in completed properties held for sale	25,062	761,537
Increase in trade and other receivables	(103,819)	(383,330)
Decrease in financial assets at fair value through profit or loss	–	471,460
Increase/(decrease) in trade and other payables	752,723	(1,728,901)
	<u>3,095,963</u>	<u>21,568,676</u>
Net cash generated from operating activities	3,095,963	21,568,676
Cash flows from investing activities		
Fund transfer to associated companies	(1,260,000)	(52,500)
Fund transfer from associated companies	12,170,000	15,000,000
	<u>10,910,000</u>	<u>14,947,500</u>
Net cash generated from investing activities	10,910,000	14,947,500
Cash flows from financing activity		
Dividends paid to the Company's equity holders	–	(27,820,800)
	<u>–</u>	<u>(27,820,800)</u>
Net increase in cash and cash equivalents	14,005,963	8,695,376
Cash and cash equivalents at beginning of the period	313,875,081	277,613,090
Exchange losses	(4,915,633)	(8,991,163)
	<u>322,965,411</u>	<u>277,317,303</u>
Cash and cash equivalents at end of the period	322,965,411	277,317,303

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

The principal activities of the Group and its associated companies are investment holdings and property development, investment and management in Hong Kong.

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

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

As at 30 September 2023, the Group's investment properties were stated at their fair values of approximately HK\$190.9 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\$612.8 million. Fair value losses of investment properties of the Group of HK\$22.3 million were accounted for in the Group's condensed consolidated statement of comprehensive income for the six months ended 30 September 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\$27.2 million.

The financial information relating to the year ended 31 March 2023 that is included in the interim financial information for the six months ended 30 September 2023 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) (the "Companies Ordinance") is as follows:

The Company has delivered the financial statements for the year ended 31 March 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

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

This interim financial information was approved for issue by the Board of Directors on 28 November 2023.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2023 has been prepared in accordance with Hong Kong Accounting Standard 34, 'Interim Financial Reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and disclosure requirements of the Stock Exchange, and any public announcements made by the Company during the interim reporting period.

The accounting policies and methods of computation applied in the preparation of the condensed consolidated interim financial information are consistent with those applied in the annual financial statements for the year ended 31 March 2023, except as stated below.

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

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

HKFRS17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information
HKFRS17	Insurance contracts
HKFRS17	Amendments to HKFRS 17
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies
Amendments to HKAS 8	Definition of accounting estimates
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction

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 INTERIM FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION (Continued)

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

A number of new standards, amendments to standards and interpretation have been issued but are not effective for the year beginning on or after 1 April 2023 and have not been early adopted by the Group. The Group is in the process of making an assessment of the impact of these new and amended standards upon initial application, and has concluded on a preliminary basis that the adoption of these new and amended standards and interpretation is not expected to have any significant impact on the Group's results of operations and financial position.

3. FINANCIAL RISK MANAGEMENT

All aspects of the financial risk management objectives and policies of the Group are consistent with those disclosed in the annual consolidated financial statements for the year ended 31 March 2023.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions applied in the preparation of the interim financial information are consistent with those used in the annual consolidated financial statements for the year ended 31 March 2023.

5. REVENUES AND SEGMENTAL INFORMATION

The principal activities of the Group include those relating to investment holdings, property development, investment and management in Hong Kong. There is no other significant identifiable separate business. In accordance with the Group's internal financial reporting provided to the chief operating decision-maker for the purpose of allocating resources, assessing performance of the operating segments and making strategic decision, the reportable operating segments are property development, investment and management and 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. Segment liabilities comprise operating liabilities and exclude items such as income tax payable, unpaid dividend and deferred income tax liabilities.

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

	Six months ended	
	30 September	
	2023	2022
	HK\$	HK\$
Rental income	2,249,622	2,196,727
Bank interest income	5,167,188	2,308,689
Dividend income – Listed investments	–	1,798
Revenue under HKFRS 15		
<i>Recognised at point in time</i>		
Sales of completed properties held for sale	1,750,000	25,000,000
<i>Recognised over time</i>		
Management fee income	1,262,029	860,526
	10,428,839	30,367,740

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

5. REVENUES AND SEGMENTAL INFORMATION (Continued)

The segment results for the six months ended 30 September 2023 are as follows:

	Property development, investment and management <i>HK\$</i>	Fund investments and management <i>HK\$</i>	Total <i>HK\$</i>
Bank interest income	–	5,167,188	5,167,188
Rental income	2,249,622	–	2,249,622
Sales of completed properties held for sale	1,750,000	–	1,750,000
Management fee income	1,262,029	–	1,262,029
Revenues	<u>5,261,651</u>	<u>5,167,188</u>	<u>10,428,839</u>
Segment results	<u>(18,605,400)</u>	<u>251,555</u>	<u>(18,353,845)</u>
Unallocated costs			(6,439,791)
Operating loss			(24,793,636)
Share of results of associated companies	(17,965,276)	–	(17,965,276)
Loss before income tax			(42,758,912)
Income tax credit			173,636
Loss attributable to the equity holders of the Company			<u>(42,585,276)</u>
Changes in fair value of investment properties	<u>(22,300,000)</u>	<u>–</u>	<u>(22,300,000)</u>

The segment assets and liabilities at 30 September 2023 are as follows:

	Property development, investment and management <i>HK\$</i>	Fund investments and management <i>HK\$</i>	Total <i>HK\$</i>
Segment assets	192,384,546	324,469,071	516,853,617
Associated companies	785,688,793	–	785,688,793
Unallocated assets			7,670,757
Total assets			<u>1,310,213,167</u>
Segment liabilities	109,140,414	–	109,140,414
Unallocated liabilities			35,417,131
Total liabilities			<u>144,557,545</u>

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

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

The segment assets and liabilities at 31 March 2023 are as follows:

	Property development, investment and management <i>HK\$</i>	Fund investments and management <i>HK\$</i>	Total <i>HK\$</i>
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			<u>1,340,836,495</u>
Segment liabilities	97,603,760	–	97,603,760
Unallocated liabilities			7,171,037
Total liabilities			<u>104,774,797</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

6. OTHER LOSSES

	Six months ended	
	30 September	
	2023	2022
	HK\$	HK\$
Net exchange losses	(4,915,633)	(8,991,163)
Sundries	11,100	–
	<u>(4,904,533)</u>	<u>(8,991,163)</u>

7. INCOME TAX CREDIT/(EXPENSES)

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

	Six months ended	
	30 September	
	2023	2022
	HK\$	HK\$
Hong Kong profits tax		
Provision for the period	(211,059)	(3,604,227)
Deferred income tax credit	384,695	350,510
	<u>173,636</u>	<u>(3,253,717)</u>

8. LOSS/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share is based on the (loss)/profit attributable to equity holders of the Company of HK\$42,585,276 (2022: HK\$3,147,880) and on 120,960,000 shares (2022: 120,960,000 shares) in issue during the period. The diluted (loss)/earnings per share equals to the basic (loss)/earnings per share since there are no dilutive potential shares in issue during both periods.

9. DIVIDENDS

	Six months ended 30 September	
	2023	2022
	<i>HK\$</i>	<i>HK\$</i>
Interim dividend declared of HK 11 cents (2022: HK11 cents) per share	<u>13,305,600</u>	<u>13,305,600</u>

The Board of Directors has resolved to declare an interim dividend of HK11cents per share for the six months ended 30 September 2023 (2022: HK11 cents) payable on Friday, 19 January 2024 to equity holders whose names appear on the Register of Members of the Company on Thursday, 4 January 2024.

10. ASSOCIATED COMPANIES

	30 September 2023 <i>HK\$</i>	31 March 2023 <i>HK\$</i>
Share of net assets	<u>785,688,793</u>	<u>803,654,069</u>
Amounts due to associated companies	<u>(106,276,033)</u>	<u>(95,366,033)</u>

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

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

11. TRADE AND OTHER RECEIVABLES

	30 September 2023 HK\$	31 March 2023 HK\$
Trade receivables		
Within 3 months (based on debit note date)	629,383	457,865
Other receivables	1,509,607	1,398,255
Prepayments and utility deposits	178,904	357,955
	<u>2,317,894</u>	<u>2,214,075</u>

Trade receivables represent rental and management fee receivables. Rental receivables are normally due for payment upon presentation of debit note at the beginning of each rental period (normally on a monthly basis). The rental receivables are generally fully covered by the rental deposits from corresponding tenants. Management fee receivable is normally due for payment upon presentation of debit note at the end of each month.

12. SHARE CAPITAL

	30 September 2023 HK\$	31 March 2023 HK\$
<i>Issued and fully paid:</i>		
120,960,000 ordinary shares	<u>78,624,000</u>	<u>78,624,000</u>

13. RETAINED PROFITS

	<i>HK\$</i>
At 31 March 2022	1,178,807,923
Profit for the period	3,147,880
Dividends	<u>(27,820,800)</u>
At 30 September 2022	<u>1,154,135,003</u>
At 31 March 2023	1,157,437,698
Loss for the period	(42,585,276)
Dividends	<u>(27,820,800)</u>
At 30 September 2023	<u>1,087,031,622</u>

14. TRADE AND OTHER PAYABLES

	30 September 2023 <i>HK\$</i>	31 March 2023 <i>HK\$</i>
Trade payables		
Within 3 months (based on invoice date)	3,000	-
Other payables	2,658,119	2,518,833
Dividend payable	27,820,800	-
Rental and utility deposits received	1,155,272	935,572
Receipts in advance	75,000	-
Accrued expenses	<u>1,610,374</u>	<u>1,294,637</u>
	<u>33,322,565</u>	<u>4,749,042</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

15. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

- Level 1 — unadjusted quoted prices in active markets for identical assets or liabilities. The quoted market price already incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to ESG risk. These instruments are included in level 1.
- Level 2 — value inputs, other than quoted prices, that are observable either directly or indirectly
- Level 3 — value inputs that are not based on observable market data

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

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

16. SIGNIFICANT RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions carried out in the normal course of the Group's business during the period:

	Six months ended	
	30 September	
	2023	2022
	HK\$	HK\$
Key management compensation		
Directors' emoluments	<u>975,000</u>	<u>1,050,000</u>

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

17. 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. 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. 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, 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 Offer was closed on 8 June 2023. After these, approximately 7.34% of the total issued shares were held by the public (as defined in the Listing Rules). 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.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK11 cents per share for the six months ended 30 September 2023 (2022: HK11 cents) payable on Friday, 19 January 2024 to equity holders whose names appear on the Register of Members of the Company on Thursday, 4 January 2024.

CLOSURE OF REGISTER OF MEMBERS

The Transfer Books and Register of Members of the Company will be closed from Friday, 29 December 2023 to Thursday, 4 January 2024, both days inclusive, during which period no transfer of shares will be registered.

To qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrar, Hongkong Managers and Secretaries Limited at Units 1607-8, 16th Floor, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong not later than 4:00 p.m. on Thursday, 28 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the period under review, the Group's unaudited loss attributable to equity holders of the Company amounted to HK\$42.6 million as compared to a profit of HK\$3.1 million for the corresponding period in 2022. Amongst these, a loss of HK\$24.6 million (2022: profit of HK\$3.1 million) came from the Group. This significant decline in net profit was mainly attributable to a fair value losses of HK\$49.5 million recorded upon the revaluation of the Group's and its associated companies' investment properties as compared to a fair value losses of HK\$20.7 million for the last corresponding period. Further, the Group's and its share of the realised profits from the sales of properties dropped to HK\$2.7 million as compared to a profit of HK\$22.1 million for the last corresponding period. These unfavourable factors were however mitigated by the reduction of exchange losses from RMB of HK\$4.1 million and higher interest income of HK\$2.9 million. Finally, the rental business was adversely affected by the greater property maintenance costs.

Business Review

Property Development, Investment and Management

During the period under review, rental concessions and higher vacancy persisted. Greater maintenance costs incurred during the period was another unfavourable factor for the lower contributions from our rental business. The contribution therefrom reduced by HK\$2.6 million.

During the period under review, a subsidiary of the Group disposed of its interest in 3 carparks in Kwai Chung. Further, an associated company disposed of its interest in 1 industrial unit in Fanling. The aggregate net profit derived from these disposals amounted to HK\$2.7 million whereas a net profit of HK\$22.1 million was recorded for the last corresponding period.

Subsequent to the period under review, the aforesaid subsidiary further disposed of its interest in 1 carpark in Kwai Chung and the aforesaid associated company further disposed of its interest in 1 industrial unit in Fanling.

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

Investments

During the period under review, the global financial market was hit severely by interest rate hikes. The Group's holding of RMB experienced further depreciation, but to a lesser extent. Notwithstanding that, a significant exchange losses of HK\$4.9 million was reported for the period under review as compared to an exchange losses of HK\$9.0 million for the last corresponding period. Conversely, benefitting from the global interest rate hikes, our interest income was HK\$2.9 million higher than that of the last corresponding period.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Prospects

For the period under review, the local economy was on the way to recovery following the re-opening of the borders. Negative growth of GDP for three consecutive quarters was reported. A year-on-year GDP growth of 4.1% for the 3rd Quarter of 2023 was recorded. Since the local economic recovery did not live up to the previous forecasts, the Hong Kong Government revised down its forecast of the annual GDP growth to 3.2%. Moderate growth in the private consumption expenditure in real term of 6.3% was reported. The seasonally adjusted unemployment rate for the latest quarter was at a relatively low level of 2.9%. Both imports and exports had declined for months and the respective declines for the latest quarter were 8.6% and 5.9%. Inflation as reflected by the Composite Consumer Price Index for September 2023 was at a low level of 2.0%. The Government has implemented or assisted in implementing various projects to boost up the sluggish local economy across all domains.

The global economy is clouded with high inflation. Although some central banks have halted their interest rate hikes, it is believed that the present high interest rate environment will still persist. Hong Kong has followed such tightening measures, though not in the same magnitude of those in the United States. The appetite for investment has waned as a consequence of the high bank deposit rates. Transactions in both the securities and property markets have shrunk. Our property-related business is still struggling at the bottom. Requests for rental concessions persist. The Group should act prudently and cautiously to deal with the problems ahead.

Employment and Remuneration Policies

As at 30 September 2023, the Group had less than twenty employees and their remuneration is maintained at competitive levels. Total staff costs (including Directors' remuneration) amounted to HK\$4.1 million (2022: HK\$3.8 million). Remuneration policies are reviewed regularly by the Board and by the Remuneration Committee regarding Directors and senior management. Employees' salaries are determined on performance basis with reference to the market trend. In addition, discretionary bonuses are granted to eligible employees with reference to the Group's results and individual performance. Other benefits include education and training subsidies, medical and retirement benefits and paid leaves.

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\$323.0 million at 30 September 2023 (31 March 2023: HK\$313.9 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.

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

As at 30 September 2023, the interests and short positions of the Directors and Chief Executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in Ordinary Shares of the Company

Name of Director	Personal interests	Corporate interests	Family interests	Total	% of issued share capital
Cheung Kee Wee	4,173,440	62,103,789 (Note 1)	—	66,277,229	54.79
Cheung Lin Wee	22,741,680	46,953,629 (Note 2)	480,000 (Note 3)	70,175,309	58.02
Cheung Ying Wai, Eric	22,579,680	46,953,629 (Note 4)	—	69,533,309	57.48

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

Notes:

- (1) Out of the 62,103,789 shares, 15,150,160 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") and the remaining 46,953,629 shares were held by Good Vision Development Limited ("Good Vision"), all the issued shares of which are held by CKW, Mr. Cheung Lin Wee ("CLW") and Mr. Cheung Ying Wai, Eric ("CYW"), all the three Executive Directors of the Company ("EDs"), in equal shares. Therefore, CKW was deemed to be interested in these shares under the SFO.
- (2) These 46,953,629 shares were held by Good Vision which related to the same block of shares as described in Note (1) above. Therefore, CLW was deemed to be interested in these shares under the SFO.
- (3) These 480,000 shares were beneficially held by Ms. Wu Suet Yi, Rita, the spouse of CLW.
- (4) These 46,953,629 shares were held by Good Vision which related to the same block of shares as described in Notes (1) and (2) above. Therefore, CYW was deemed to be interested in these shares under the SFO.

Save as disclosed above, as at 30 September 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.

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

So far as is known to the Directors or Chief Executives of the Company, as at 30 September 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:		
Good Vision Development Limited	46,953,629 <i>(Note 1)</i>	38.82
Kung So Ha, Anne	66,277,229 <i>(Note 2)</i>	54.79
Biochoice Limited	15,150,160 <i>(Note 3)</i>	12.52
Humphrey Group Limited	15,150,160 <i>(Note 3)</i>	12.52
Wu Suet Yi, Rita	70,175,309 <i>(Note 4)</i>	58.02
Hoh Kwok Hing, Corinne	69,533,309 <i>(Note 5)</i>	57.48

Notes:

- (1) These 46,953,629 shares held by Good Vision related to the same block of shares as described in Notes (1), (2) and (4) in respect of CKW, CLW and CYW respectively under the heading of "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures". CKW, CLW and CYW, all the EDs, are directors of Good Vision.
- (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 66,277,229 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 Note 1 in respect 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 70,175,309 shares, 480,000 shares were beneficially held by Ms. Wu Suet Yi, Rita, and Ms. Wu was taken to be interested in the remaining 69,695,309 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.

Save as disclosed above, as at 30 September 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.

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

References are made to the disclosures on Rule 13.24 in the annual report of the Company for the year ended 31 March 2023 (the "2023 Annual Report") and the announcement made by the Company dated 14 September 2023 in relation to the fourth quarterly update on progress of resumption and continued suspension of trading (the "Fourth Quarterly Update Announcement"). If the Company fails to remedy the issues causing its trading suspension, fulfil all resumption guidances of the Stock Exchange and fully comply with the Listing Rules to the Stock Exchange's satisfaction and resume trading in the shares of the Company (the "Shares") by 14 March 2024, the Listing Division will recommend the Listing Committee to proceed with the cancellation of the Company's listing.

As at the date of this report, trading in the Shares remains suspended pending fulfilment of all the resumption guidances. However, there has been no material development in this regard since the Fourth Quarterly Update Announcement. The Company will make further announcement(s) as and when appropriate should there be any material development.

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, 28 June 2023 and 14 September 2023.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

CORPORATE GOVERNANCE CODE

The Company is committed to maintain high standards of corporate governance. Throughout the six months ended 30 September 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 C.2.1 in respect of the roles of the Chairman and Chief Executive of the Company (“CE”). The considered reasons for this deviation are explained below:

Under the code provision C.2.1 of the CG Code, the roles of the Chairman and CE should be separate and should not be performed by the same individual. Mr. Cheung Kee Wee is the Chairman of the Board and there is not a post of CE in the Company. The roles of the CE are performed by all the 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.

MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its Code of Conduct for dealing in securities of the Company by the Directors. All the Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the six months ended 30 September 2023.

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 2023 Annual Report.

AUDIT COMMITTEE

The Audit Committee consists of three Independent Non-executive Directors, namely Messrs Chan Woon Kong (Chairman), Chan Wing Tat and Kok Lap Seng and one Non-executive Director, namely Mr. Ng Kwok Tung. The Group's financial information for the six months ended 30 September 2023 has been reviewed by the Audit Committee of the Company and by the Company's Auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has no reservation on the accounting treatments adopted by the Group.

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

Hong Kong, 28 November 2023