

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**WAH HA REALTY COMPANY LIMITED**  
*(Incorporated in Hong Kong with limited liability)*  
(Stock Code: 278)

**DECISION OF THE STOCK EXCHANGE ON  
LISTING RULES 13.24, 6.01(3) AND 6.01(4)**

This announcement is made by Wah Ha Realty Company Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 10 June 2022, the Company received a letter from the Stock Exchange (the “**Letter**”) notifying the Company of its decision that (i) the Company has 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) the Company is not suitable for continued listing and that trading in the Company’s shares shall be suspended under Rules 6.01(3) and 6.01(4) of the Listing Rules (the “**Decision**”). In arriving at the Decision, the Stock Exchange has considered the following:

**Rule 13.24 non-compliance**

1. Following the amended Rule 13.24 of the Listing Rules becoming effective on 1 October 2019, issuers are required to maintain a business with a sufficient level of operations and assets of sufficient value to support its operations. Issuers that hold significant assets but do not carry out sufficient operations are not compliant with the amended Rule 13.24.

2. The Stock Exchange does not consider that the Company, together with its subsidiaries (the “**Group**”), has a sufficient level of operation to meet Rule 13.24. Whilst holding significant assets in the form of investment in the associated companies (which in turn hold a number of investment properties), the Company does not have control over the associated companies (for example, on decisions concerning dividend payments). Accordingly, these equity interests form part of the Company’s investments rather than part of its business. In the circumstances and consistent with the Stock Exchange’s assessment of an issuer’s business operations under Rule 13.24, the Stock Exchange considers that the associated companies should be excluded from an assessment of the Company’s compliance with Rule 13.24.

#### On operation

3. First, excluding the associated companies, the Group maintains a very low level of operation generating a rental income of less than HK\$7 million in the past five years. The Company does not indicate an intention to improve the scale of such operation.
4. Second, the operation of associated companies does not qualify as part of the Company’s business for the purpose of Rule 13.24. The Stock Exchange has considered that the Company holds minority interests in the associated companies and does not have control over their assets and operations.
5. Third, the Company has proposed to (i) increase its shareholding in a material associated company (and converting the same to become a subsidiary) and enter into a management agreement to manage the underlying real property, and (ii) reconstitute the Company’s representatives on the boards of the associated companies. The Stock Exchange does not consider these proposals to be sufficient to address the above issue, given that after completion of the proposals,
  - (a) The Company (through the relevant subsidiary) will only have joint control with a joint venture partner (instead of absolute control) over the operation of that real property, because these two companies each own half of that real property as tenants in common.
  - (b) The income to be generated from the management agreement will be minimal. Hence, the management agreement is not expected to materially improve the Company’s operation scale or performance.

- (c) As the Company's representatives on the boards of the associated companies would reflect its corresponding shareholdings, the Company as minority shareholder would remain unable to control the associated companies' business and affairs.

#### On assets

- 6. As at 30 September 2021, the Company had assets of HK\$1,358 million. As explained above, the Stock Exchange does not consider that the Company has sufficient assets to support its operation. In particular, a material part of assets which is held in the form of investment in the associated companies are not used for its operations. Therefore, the Stock Exchange is not satisfied that the Company has sufficient assets to meet Rule 13.24.

#### **Unsuitability for continued listing**

- 7. The Listing Rules require both an issuer and its business to be, in the Stock Exchange's opinion, suitable for listing.
- 8. The Company holds significant assets through its investments in the associated companies. Nonetheless, given the structure under which it holds the associated companies, the Company as minority shareholder does not have control over the associated companies. This calls the Company's suitability for continued listing into question. For instance, while the associated companies generate substantial profits from their rental income, the Company does not have control over their distribution of dividends or dividend policies.
- 9. This issue is contrary to the general principles of listing under Rule 2.03 and is detrimental to public shareholders and undermines investors' confidence in the market. The Stock Exchange therefore considers that the Company is no longer suitable for listing.

Under Chapter 2B of the Listing Rules, the Company has the right to have the Decision referred to the Listing Committee (as defined under the Listing Rules) for review. Any request for review must be served on the Secretary of the Listing Committee within seven business days from the date of the Decision (i.e. on or before 21 June 2022). Trading in the Company's shares will be suspended after the expiry of seven business days from the date of the Decision (i.e. 22 June 2022), unless the Company applies for a review of the Decision.

The Company is still in the process of reviewing the Letter and is discussing the same with the Company's legal and financial advisers, and would consider whether or not to lodge a review request for the ruling to be referred to the Listing Committee for review.

Before trading is allowed to resume, the Company must re-comply with Rules 13.24 and 6.01(4), fulfill any resumption guidance that may be set by the Stock Exchange and be in full compliance with the Listing Rules to the Stock Exchange's satisfaction. Under Rule 6.01A(1), the Stock Exchange may cancel the listing of the Company's shares if trading remains suspended for a continuous period of 18 months.

The Directors of the Company would remind the Shareholders of the Company and potential investors that (i) the Company may or may not proceed with the request for a review by the Listing Committee; and (ii) the outcome of such review is uncertain, if undertaken. Further announcements will be made by the Company as and when appropriate and in accordance with the requirements of the Listing Rules.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By Order of the Board

**WAH HA REALTY COMPANY LIMITED**

**Cheung Kee Wee**

*Chairman*

Hong Kong, 10 June 2022

As at the date of this announcement, the Board of Directors of the Company comprises Messrs Cheung Kee Wee, Cheung Lin Wee and Cheung Ying Wai, Eric as Executive Directors, Mr. Ng Kwok Tung as Non-executive Director and Messrs Chan Woon Kong, Au-Yang Cheong Yan, Peter, Chan Wing Tat and Kok Lap Seng as Independent Non-executive Directors.