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華廈置業有限公司
WAH HA REALTY COMPANY LIMITED

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

**DECISION OF THE LISTING COMMITTEE 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).

References are made to the announcements of the Company dated 10 June 2022 and 20 June 2022 (the “**Announcements**”) in relation to the decision of the Stock Exchange under Rules 13.24, 6.01(3) and 6.01(4) of the Listing Rules. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as in the Announcements.

The Board wishes to inform the Shareholders and potential investors of the Company that the Review by the Listing Committee was held on 23 August 2022. On 2 September 2022, the Company received a letter from the Listing Committee 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 to suspend trading in the Company’s shares under Rules 6.01(3) and 6.01(4) of 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.

In arriving at its decision, the Listing Committee considered the following:

Rule 13.24 non-compliance

1. Following the amended Rule 13.24 becoming effective on 1 October 2019, an issuer is required to carry out, directly or indirectly, a business with a sufficient level of operations and assets of sufficient value to support its operations. An issuer that holds significant assets but does not carry out sufficient operations is not compliant with the amended Rule 13.24.
2. The Listing Committee did not consider that the Group has a sufficient level of operations to meet Rule 13.24. Whilst holding significant assets in the form of investments in 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. The Listing Committee considered that, in the circumstances and consistent with the assessment of an issuer's business operations under Rule 13.24, the associated companies should be excluded from the assessment of the Company's compliance with Rule 13.24.
3. The Listing Committee noted the Company's submissions (both oral and written) about the historical track record of strong and stable dividend distribution to its Shareholders. However, the Listing Committee did not consider it a relevant factor when assessing the Company's compliance with Rule 13.24.

On operations

4. The Listing Committee did not consider that the Company has a sufficient level of operations to meet Rule 13.24.
5. Firstly, excluding the associated companies, the Group maintained a very low level of operations generating a rental income of less than HK\$7 million in each of the past six years, with only HK\$3.3 million recorded for the year ended 31 March 2022. The Group also recorded minimal management fee and construction fee supervision income for the past six years. The Company failed to demonstrate that it has the intention to improve the scale of operations of its property-related business.

6. Secondly, the operations of associated companies do not qualify as part of the Company's business for the purposes of Rule 13.24. The Listing Committee considered that the Company holds minority interests in the associated companies and does not have control over their assets and operations.
7. Thirdly, the Company did not provide any update on its execution of its proposals 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 property, and (ii) reconstitute the Company's representatives on the boards of the associated companies. No information was provided regarding the actions or steps taken to execute or implement these proposals. As such, the Listing Committee did not consider whether the Company would be in compliance with Rule 13.24 with these proposals.

On assets

8. As at 31 March 2022, the Company had assets of HK\$1,363 million. However, the Listing Committee noted a material part of the assets were held in the form of investment in associated companies, which amounted to HK\$816.8 million. Of the remaining assets, cash and bank balances and amounts due from associated companies amounted to HK\$277.6 million and HK\$38.2 million, respectively. In light of this and the Company's low level of operations with minimal revenue as explained above, the Listing Committee considered that the Company failed to demonstrate that it maintains a sufficient level of assets to support operations that generates sufficient revenue as required under Rule 13.24.

Unsuitability for continued listing

9. The Listing Rules require both an issuer and its business to be, in the Stock Exchange's opinion, suitable for listing.
10. The Company holds significant assets through its investments in the associated companies without a substantive standalone business. Given the structure under which it holds the associated companies, the Company as a 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.

11. 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 Listing Committee therefore considered that the Company is no longer suitable for listing.
12. In light of the above, the Listing Committee therefore decided to uphold the Listing Division's Decision and trading in the Company's shares be suspended under both Rules 6.01(3) and 6.01(4).

Under Rules 2B.06(2) and 2B.08(1) of the Listing Rules, the Company has the right to have the LC Decision referred to the Listing Review Committee of the Stock Exchange for review within seven business days of receipt of the LC Decision (i.e. on or before 14 September 2022). Trading in the Company's shares will be suspended on 15 September 2022 (i.e. after the expiry of seven business days from the date of the LC Decision), unless the Company applies for a review of the LC Decision in accordance with Chapter 2B of the Listing Rules.

The Company has decided not to review the LC Decision. Accordingly, trading in the shares of the Company will be suspended at 9:00 a.m. on 15 September 2022.

Further announcements will be made by the Company as and when appropriate and in accordance with the requirements of the Listing Rules. **Shareholders are advised to seek professional advice in relation to any queries regarding the LC Decision.**

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, 2 September 2022

As at the date of this announcement, the Board 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.