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華厦置業有限公司  
WAH HA REALTY COMPANY LIMITED

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

**INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

The Board of Directors of Wah Ha Realty Company Limited (the “**Company**”) (the “**Board**”) announces that the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) and its associated companies for the six months ended 30 September 2021, with comparative figures of the previous period, are as follows:

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

		<b>Six months ended</b>	
		<b>30 September</b>	
	Note	<b>2021</b>	2020
		<b>HK\$</b>	<b>HK\$</b>
Revenues	3	<b>3,610,955</b>	5,233,184
Changes in fair value of investment properties		<b>3,000,000</b>	(300,000)
Net fair value losses on financial assets at fair value through profit or loss		<b>(30,250)</b>	(217,376)
Other gains, net	4	<b>1,462,680</b>	3,329,502
Direct outgoings in relation to properties that generate income		<b>(843,888)</b>	(677,301)
Staff costs		<b>(3,935,204)</b>	(3,207,547)
Other operating expenses		<b>(969,422)</b>	(840,131)
Operating profit		<b>2,294,871</b>	3,320,331
Share of results of associated companies (including share of fair value gain on investment properties of HK\$15,500,000 (2020: fair value loss of HK\$22,600,000))		<b>33,449,206</b>	(9,687,233)
Profit/(loss) before income tax		<b>35,744,077</b>	(6,366,902)
Income tax credit	5	<b>575,706</b>	337,044
Profit/(loss) and total comprehensive income/(loss) attributable to equity holders of the Company		<b>36,319,783</b>	(6,029,858)
Earnings/(loss) per share (Basic and diluted)	6	<b>0.30</b>	(0.05)
Dividends	7	<b>13,305,600</b>	13,305,600

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET  
AS AT 30 SEPTEMBER 2021**

	30 September 2021	31 March 2021
Note	HK\$	HK\$
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment properties	223,200,000	220,200,000
Investments in associated companies	822,375,875	788,926,669
Deferred income tax assets	5,662,485	5,140,368
	<u>1,051,238,360</u>	<u>1,014,267,037</u>
<b>Current assets</b>		
Completed properties held for sale	1,456,911	1,456,911
Amount due from an associated company	38,231,825	33,073,825
Trade and other receivables	8 996,114	907,607
Tax recoverable	5,473	7,610
Financial assets at fair value through profit or loss	1,640,947	1,671,197
Cash and cash equivalents	264,447,356	281,215,187
	<u>306,778,626</u>	<u>318,332,337</u>
<b>Total assets</b>	<u><u>1,358,016,986</u></u>	<u><u>1,332,599,374</u></u>
<b>EQUITY</b>		
<b>Capital and reserves attributable to the Company's equity holders</b>		
Share capital	78,624,000	78,624,000
Retained profits		
- Interim dividend	13,305,600	-
- Proposed dividends	-	27,820,800
- Others	1,176,147,344	1,153,133,161
	<u>1,189,452,944</u>	<u>1,180,953,961</u>
<b>Total equity</b>	<u><u>1,268,076,944</u></u>	<u><u>1,259,577,961</u></u>

	30 September 2021 HK\$	31 March 2021 HK\$
Note		
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred income tax liabilities	<b>899,705</b>	955,431
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<b>Current liabilities</b>		
Amounts due to associated companies	<b>84,208,299</b>	68,069,604
Trade and other payables	9 <b>4,832,038</b>	3,996,378
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	<b>89,040,337</b>	72,065,982
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<b>Total liabilities</b>	<b>89,940,042</b>	73,021,413
	-----	-----
<b>Total equity and liabilities</b>	<b>1,358,016,986</b>	1,332,599,374
	=====	=====
<b>Net current assets</b>	<b>217,738,289</b>	246,266,355
	=====	=====

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 1. GENERAL INFORMATION

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

As at 30 September 2021, the Group’s investment properties were stated at their fair values of approximately HK\$223.2 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\$666.2 million. Fair value gains of investment properties of HK\$3.0 million were accounted for in the Group’s condensed consolidated statement of comprehensive income for the six months ended 30 September 2021, while share of associated companies’ results also included the Group’s share of fair value gains of investment properties held by the associated companies of HK\$15.5 million. The fair value of investment properties has taken into account the impact of COVID-19 outbreak based on information available as at 30 September 2021. Given the uncertainty over the length and severity of the COVID-19 outbreak in Hong Kong and ongoing development measures to address the outbreak, valuation may change significantly and unexpectedly over a short period of time. Management has been closely monitoring the development of COVID-19 outbreak and considered that, save as discussed above, there is no other matters that would result in a significant adverse impact on the Group’s results and financial position as at the reporting date as a result of the COVID-19 outbreak.

The financial information relating to the year ended 31 March 2021 that is included in this preliminary announcement for the six months ended 30 September 2021 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those consolidated 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 consolidated financial statements for the year ended 31 March 2021 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 these consolidated 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.

## 2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2021 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 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and disclosure requirements of the Stock Exchange of Hong Kong Limited, 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 2021, except as stated below.

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

Amendments to HKFRS 16	Covid-19 related rent concessions
Amendments to HKFRS 16	Covid-19 related rent concessions beyond 2021
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest rate benchmark reform-Phase 2

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.

## 3. REVENUES AND SEGMENTAL INFORMATION

The principal activities of the Group include those relating to investment holdings, property development, investment and management in Hong Kong. There is no other significant identifiable separate business. In accordance with the Group's internal financial reporting provided to the chief operating decision-maker for the purpose of allocating resources, assessing performance of the operating segments and making strategic decision, the reportable operating segments are property development, investment and management and investments.

Segment assets consist of investment properties, financial assets at fair value through profit or loss, receivables, completed properties held for sale and cash and bank balances and exclude items such as associated companies, tax recoverable and deferred income tax assets. Segment liabilities comprise operating liabilities and exclude items such as 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	
	2021 HK\$	2020 HK\$
Rental income	1,327,520	2,260,357
Bank interest income	1,469,708	2,139,467
Dividend income - Listed investments <i>Recognised over time</i>	1,781	1,776
Management fee income	811,946	744,184
Construction supervision fee income ( <i>Note</i> )	-	87,400
	<u>3,610,955</u>	<u>5,233,184</u>

Note: The amount was charged to associated companies based on services rendered and at fees mutually agreed between the relevant parties.

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

	<b>Property development, investment and management HK\$</b>	<b>Investments HK\$</b>	<b>Total HK\$</b>
Bank interest income	-	1,469,708	1,469,708
Rental income	1,327,520	-	1,327,520
Revenues under HKFRS 15	811,946	-	811,946
Other revenues	-	1,781	1,781
Revenues	<u>2,139,466</u>	<u>1,471,489</u>	<u>3,610,955</u>
Segment results	<u>3,359,108</u>	<u>2,903,919</u>	<u>6,263,027</u>
Unallocated costs			<u>(3,968,156)</u>
Operating profit			2,294,871
Share of results of associated companies	33,449,206	-	<u>33,449,206</u>
Profit before income tax			35,744,077
Income tax credit			<u>575,706</u>
Profit attributable to the equity holders of the Company			<u>36,319,783</u>
Changes in fair value of investment properties	3,000,000	-	3,000,000
Net fair value losses on financial assets at fair value through profit or loss	-	(30,250)	<u>(30,250)</u>

The segment assets and liabilities at 30 September 2021 are as follows:

	<b>Property development, investment and management HK\$</b>	<b>Investments HK\$</b>	<b>Total HK\$</b>
Segment assets	263,511,056	266,462,097	529,973,153
Associated companies	822,375,875	-	822,375,875
Unallocated assets			5,667,958
Total assets			<u>1,358,016,986</u>
Segment liabilities	86,803,787	-	86,803,787
Unallocated liabilities			3,136,255
Total liabilities			<u>89,940,042</u>

The segment results for the six months ended 30 September 2020 are as follows:

	Property development, investment and management HK\$	Investments HK\$	Total HK\$
Bank interest income	-	2,139,467	2,139,467
Rental income	2,260,357	-	2,260,357
Revenues under HKFRS 15	831,584	-	831,584
Other revenues	-	1,776	1,776
Revenues	<u>3,091,941</u>	<u>2,141,243</u>	<u>5,233,184</u>
Segment results	<u>1,368,919</u>	<u>5,253,369</u>	6,622,288
Unallocated costs			<u>(3,301,957)</u>
Operating profit			3,320,331
Share of results of associated companies	(9,687,233)	-	<u>(9,687,233)</u>
Loss before income tax			<u>(6,366,902)</u>
Income tax credit			337,044
Loss attributable to the equity holders of the Company			<u><u>(6,029,858)</u></u>
Changes in fair value of investment properties	(300,000)	-	(300,000)
Net fair value losses on financial assets at fair value through profit or loss	-	(217,376)	<u><u>(217,376)</u></u>

The segment assets and liabilities at 31 March 2021 are as follows:

	Property development, investment and management HK\$	Investments HK\$	Total HK\$
Segment assets	255,362,330	283,162,397	538,524,727
Associated companies	788,926,669	-	788,926,669
Unallocated assets			5,147,978
Total assets			<u><u>1,332,599,374</u></u>
Segment liabilities	70,146,501	-	70,146,501
Unallocated liabilities			2,874,912
Total liabilities			<u><u>73,021,413</u></u>

#### 4. OTHER GAINS, NET

	Six months ended	
	30 September	
	2021	2020
	HK\$	HK\$
Net exchange gains	<u>1,462,680</u>	<u>3,329,502</u>

#### 5. INCOME TAX CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the Group's estimated assessable profit for the period.

	Six months ended	
	30 September	
	2021	2020
	HK\$	HK\$
Hong Kong profits tax		
Provision for the period	(2,137)	(4,093)
Deferred income tax credit	<u>577,843</u>	<u>341,137</u>
	<u>575,706</u>	<u>337,044</u>

#### 6. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share is based on the profit attributable to equity holders of the Company of HK\$36,319,783 (2020: loss of HK\$6,029,858) and on 120,960,000 shares (2020: 120,960,000 shares) in issue during the period. The diluted earnings/(loss) per share equals to the basic earnings/(loss) per share since there are no dilutive potential shares in issue during both periods.

#### 7. DIVIDENDS

	Six months ended	
	30 September	
	2021	2020
	HK\$	HK\$
Interim dividend declared of HK11 cents (2020: 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 HK11 cents per share for the six months ended 30 September 2021 (2020: HK11 cents) payable on Friday, 21 January 2022 to equity holders whose names appear on the Register of Members of the Company on Wednesday, 5 January 2022.

## 8. TRADE AND OTHER RECEIVABLES

	<b>30 September 2021 HK\$</b>	31 March 2021 HK\$
Trade receivables		
Within 3 months (based on debit note date)	<b>426,874</b>	291,011
Other receivables	<b>377,534</b>	280,083
Prepayments and utility deposits	<b>191,706</b>	336,513
	<b>996,114</b>	907,607

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.

## 9. TRADE AND OTHER PAYABLES

	<b>30 September 2021 HK\$</b>	31 March 2021 HK\$
Trade payables		
Within 3 months (based on invoice date)	<b>2,028</b>	1,800
Other payables	<b>2,237,793</b>	1,920,686
Rental and utility deposits received	<b>658,972</b>	934,872
Accrued expenses	<b>1,933,245</b>	1,139,020
	<b>4,832,038</b>	3,996,378

## INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK11 cents per share for the six months ended 30 September 2021 (2020: HK11 cents) payable on Friday, 21 January 2022 to equity holders whose names appear on the Register of Members of the Company on Wednesday, 5 January 2022.

## CLOSURE OF REGISTER OF MEMBERS

The Transfer Books and Register of Members of the Company will be closed from Wednesday, 29 December 2021 to Wednesday, 5 January 2022, 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 Tuesday, 28 December 2021.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL RESULTS**

For the period under review, the Group's unaudited profit attributable to equity holders of the Company amounted to HK\$36.3 million as compared to an unaudited loss of HK\$6.0 million in the corresponding period in 2020. Amongst these, HK\$2.9 million (2020: HK\$3.7 million) came from the Group and HK\$33.4 million (2020: loss of HK\$9.7 million) was the contribution from the Group's associated companies. This considerable improvement in net profit was mainly attributable to the fair value gains of HK\$18.5 million upon the revaluation of the Group's and its associated companies' investment properties versus a fair value losses of HK\$22.9 million in the last corresponding period. The Group's share of the realised profit for HK\$6.7 million (2020: nil) from the sales of properties of an associated company was another contributor to the better net profit. On the other hand, the exchange gains from RMB and interest income shrank by HK\$1.9 million and HK\$0.7 million respectively. Finally, the negative impact of rental concessions coupled with higher vacancy led to a reduction of the contribution of our rental business by HK\$2.6 million.

### **BUSINESS REVIEW**

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

During the period under review, rental concessions and higher vacancy were still the main theme in property market especially in the retail sector. The contribution of our rental business was lower than that of the last corresponding period by HK\$2.6 million.

During the period under review, an associated company disposed of 13 industrial units in Fanling and the Group's share of realised profit therefrom was HK\$6.7 million whereas there was no profit in the last corresponding period. On the other hand, another associated company acquired 2 residential units in Yau Ma Tei.

Subsequent to the period under review, the above first named associated company further disposed of 3 industrial units 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 value of the Group's investment portfolio was at a similar level to that of the last corresponding period. Interest income decreased by HK\$0.7 million because of the generally lower bank deposit interest rates. For RMB, the Group continued to benefit from the rebound of the exchange rate of RMB/HK\$ but to a lesser extent. A reduction in exchange gains of HK\$1.9 million was reported.

### **PROSPECTS**

During the period under review, the local economy rebounded. A year-on-year GDP growth of 5.4% for the 3rd Quarter of 2021 was recorded. The private consumption expenditure in real term for the same quarter rose by 7.1%. The seasonally adjusted unemployment rate dropped steadily to 4.3% in the latest quarter. The imports and exports for September 2021, after the negative growths in 2020, rose by 23.5% and 16.5% respectively. Slight inflation of 1.4% as reflected by the Composite Consumer Price Index for September 2021 was reported.

In Hong Kong, the COVID-19 pandemic situation seems to have eased. Nevertheless, global economic recovery is still on the way. Local retail sales has not returned to the level before the pandemic. Visitors, no matter from overseas or mainland China, used to be an important contributor to the local retail sales. However, the quarantine measures adopted have effectively deterred such visitors from coming to Hong Kong. Our property related business has been adversely affected. Requests for rental concessions during the past nearly two years were still common. The outlook for the local economy is not promising. The Group will be patient and cautious in deploying its resources to tackle the uncertain and ever changing economy.

## **EMPLOYMENT AND REMUNERATION POLICIES**

As at 30 September 2021, the Group had less than twenty employees and their remuneration is maintained at competitive levels. Total staff costs (including Directors' remuneration) amounted to HK\$3.9 million (2020: HK\$3.2 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 (2020: 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\$264.4 million at 30 September 2021 (31 March 2021: HK\$281.2 million). The Board believes that the Group has sufficient financial resources for its operations. The Group has no material exposure to foreign exchange rate fluctuation and material contingent liabilities.

## **CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT**

In the opinion of the Directors, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "**Code Provision(s)**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the six months ended 30 September 2021, except for the following deviations:

1. Under the Code Provision A.2.1, the roles of the Chairman and Chief Executive Officer ("**CEO**") 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 CEO in the Company. The roles of the CEO are performed by all the Executive Directors of the Company with clear division of responsibilities under the leadership of the Chairman. The Board considers that this arrangement allows contributions from all Executive Directors with different expertise and can ensure the balance of power and authority between the Board and the management of the Group. The Board therefore believes that this structure can enable the Group to make and implement decisions promptly and efficiently and is beneficial to the business prospect of the Group.
2. Under the Code Provision A.4.1, Non-executive Directors should be appointed for a specific term and subject to re-election. All the five Non-executive Directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company ("**AGM**") in accordance with Article 99(A) of the Company's Articles of Association. There are eight Directors including five Non-executive Directors of the Company for the time being. As one-third of them shall retire from office by rotation at each AGM, each of them shall retire at least once every three years.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as its Code of Conduct for dealing in securities of the Company by the Directors. All Directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2021.

## **AUDIT COMMITTEE**

The Audit Committee consists of the four Independent Non-executive Directors, namely Messrs Au-Yang Cheong Yan, Peter (Chairman), Chan Woon Kong, 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 2021 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.

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

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

## **INTERIM REPORT**

The interim report of the Company for the six months ended 30 September 2021 will be published and dispatched to the equity holders of the Company in late December 2021.

## **BOARD OF DIRECTORS**

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.

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

Hong Kong, 26 November 2021