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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Wah Ha Realty Company Limited, you should at once hand this circular and the accompanying proxy form to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE DISPOSAL OF THE COMPANY'S ENTIRE SHAREHOLDING IN
EASTERN TAILOR ENTERPRISES LIMITED
AND
NOTICE OF GENERAL MEETING**

**Independent financial adviser
to the Independent Board Committee and the Independent Shareholders**



富強金融資本
FORTUNE FINANCIAL CAPITAL

A notice convening the General Meeting to be held at Room 2500, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong on Tuesday, 6 February 2018 at 10:30 a.m. is set out on pages GM-1 to GM-2 of this circular. A proxy form for use at the General Meeting is enclosed.

Whether or not you intend to attend the General Meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's registered office at Room 2500, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the General Meeting or any adjourned meeting thereof. Completion and return of the proxy form shall not preclude you from attending and voting in person at the General Meeting or any adjourned meeting thereof if you so desire.

This circular will remain on the website of the Stock Exchange (<http://www.hkexnews.hk>) and on the website of the Company (<http://www.wahha.com>) under "Investor Relations".

22 January 2018

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DEFINITIONS

In this circular, unless the context otherwise requires, the following words and expressions have the following meanings:

“associate”	shall have the meaning ascribed to such term under the Listing Rules
“Audited Completion Accounts”	the audited accounts of Eastern Tailor as at the Completion Date prepared in accordance with the generally accepted accounting principles in Hong Kong
“Board”	the board of Directors
“Business Day”	a day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between the hours of 9:00 a.m. and 5:00 p.m. on weekdays and 9:00 a.m. and 12:00 noon on Saturdays) on which licensed banks are generally open for business in Hong Kong
“Cheung Brothers”	Mr. Cheung Kee Wee, Mr. Cheung Lin Wee and Mr. Cheung Ying Wai, Eric, who are the Executive Directors and brothers of each other
“close associate”	shall have the meaning ascribed to such term under the Listing Rules
“Company”	Wah Ha Realty Company Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the main board of the Stock Exchange (Stock Code: 278)
“Company Disposal”	the sale of the Company Sale Shares to the Purchaser pursuant to the Sale and Purchase Agreement
“Company Sale Shares”	2,500 ordinary shares in Eastern Tailor owned by the Company, representing 25% of all the issued shares in Eastern Tailor
“Completion”	the completion of the Disposal
“Completion Date”	the date on which Completion takes place
“connected person”	shall have the meaning ascribed to such term under the Listing Rules

DEFINITIONS

“Consideration”	the consideration of HK\$418,036,092.50 for the Sale Shares (subject to adjustments required to be made based on the Audited Completion Accounts as described in this circular)
“Deposit”	a deposit of HK\$41,803,609 paid by the Purchaser to the Vendors under the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Sale Shares to the Purchaser pursuant to the Sale and Purchase Agreement
“E. Tung”	E. Tung Properties Limited, a company incorporated in Hong Kong with limited liability
“E. Tung Disposal”	the sale of the E. Tung Sale Shares to the Purchaser pursuant to the Sale and Purchase Agreement
“E. Tung Sale Shares”	2,500 ordinary shares in Eastern Tailor owned by E. Tung, representing 25% of all the issued shares in Eastern Tailor
“Eastern Tailor”	Eastern Tailor Enterprises Limited, a company incorporated in Hong Kong with limited liability
“family members”	shall have the meaning ascribed to such term under the Listing Rules
“Fortune Financial Capital”	Fortune Financial Capital Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, the independent financial adviser to the IBC and the Independent Shareholders in respect of the Company Disposal
“General Meeting”	the general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“IBC”	an independent committee of the Board established to give a recommendation to the Independent Shareholders on the terms of the Company Disposal and on voting
“Independent Shareholder(s)”	Shareholder(s) other than the Cheung Brothers and their respective associates
“Latest Practicable Date”	18 January 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	the real estate known as “Vista Stanley” at No. 20 Stanley Village Road, Stanley, Hong Kong
“Purchaser”	Aik San Realty Limited, a company incorporated in Hong Kong with limited liability
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 13 December 2017 entered into between the Company and E. Tung as vendors and the Purchaser as purchaser in relation to the sale and purchase of the Sale Shares
“Sale Shares”	the Company Sale Shares and the E. Tung Sale Shares
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	collectively, the Company and E. Tung
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

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

Registered Office:

Room 2500, Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

Non-executive Director:

Mr. NG Kwok Tung

Independent Non-executive Directors:

Mr. LAM Hon Keung, Keith
Mr. CHAN Woon Kong
Mr. AU-YANG Cheong Yan, Peter

22 January 2018

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE DISPOSAL OF THE COMPANY'S ENTIRE SHAREHOLDING IN
EASTERN TAILOR ENTERPRISES LIMITED**

INTRODUCTION

Reference is made to the announcement issued by the Company dated 13 December 2017.

On 13 December 2017, the Vendors and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the Sale Shares at the Consideration of HK\$418,036,092.50, to be apportioned as to HK\$209,018,046.25 for the Company Sale Shares and as to HK\$209,018,046.25 for the E. Tung Sale Shares, respectively, subject to adjustments required to be made based on the Audited Completion Accounts as prescribed in the Sale and Purchase Agreement.

LETTER FROM THE BOARD

The Company Disposal constitutes a discloseable transaction and a connected transaction for the Company subject to Independent Shareholders' approval under the Listing Rules. The General Meeting will be convened to seek Independent Shareholders' approval for the Sale and Purchase Agreement and the transactions contemplated thereunder.

The purpose of this circular is to provide you with, among other things, (i) information in relation to the Company Disposal; (ii) the recommendation from the IBC; (iii) the letter of advice from Fortune Financial Capital to the IBC and the Independent Shareholders; (iv) the property valuation report in respect of the Property; and (v) a notice of the General Meeting to be convened to consider and, if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

THE SALE AND PURCHASE AGREEMENT

Date

13 December 2017

Parties

- (1) The Company, as vendor of the Company Sale Shares
- (2) E. Tung, as vendor of the E. Tung Sale Shares
- (3) The Purchaser, as purchaser of the Sale Shares

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is a majority-controlled company held by Mr. Chung Ming Fai, an uncle of the Cheung Brothers, and his three children, that is, the cousins of the Cheung Brothers. In addition, E. Tung is a majority-controlled company held by the Cheung Brothers and their respective family members. Accordingly, the Purchaser is a deemed connected person of the Company and E. Tung is an associate of a connected person of the Company, both are therefore connected persons of the Company under Chapter 14A of the Listing Rules.

Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the Sale Shares. The Sale Shares, representing a 50% equity interests in Eastern Tailor, will be sold free from all encumbrances and together with the right to receive all dividends and distributions and return of capital declared, made or paid after the Completion Date. The remaining 50% equity interests in Eastern Tailor is owned by the Purchaser. Details of Eastern Tailor are set out in the section headed "Information on Eastern Tailor" below.

LETTER FROM THE BOARD

Consideration and payment terms

The Consideration of HK\$418,036,092.50 (subject to adjustments as described below) for the Sale Shares is payable by the Purchaser to the Vendors according to the following schedule in cash or immediately available and freely transferrable funds:

- (i) HK\$41,803,609, being the Deposit upon the signing of the Sale and Purchase Agreement; and
- (ii) the remaining balance of the Consideration upon Completion.

The Deposit has been paid in full on 13 December 2017 (being the date of signing of the Sale and Purchase Agreement). The Consideration is based on an agreed value of the Property in the sum of HK\$840,000,000 and is subject to adjustments of the current assets and the current and non-current liabilities of Eastern Tailor with reference to the Audited Completion Accounts to be prepared in accordance with the Sale and Purchase Agreement. Such assets include cash at bank, utility deposits, pre-paid government rent and rates and insurance premium; and such liabilities include provision for tax, rental and licence deposits received, pre-paid rental income and licence fees, unpaid government rent and audit fees, deferred income tax liabilities, and other accrued daily maintenance and repair expenses of a non-capital nature and other professional fees. The Audited Completion Accounts are expected to be available within 90 days after Completion, on the assumption that there will be no dispute amongst the parties on the contents therein. The adjustment amounts shall be settled between the Purchaser on the one part and the Vendors on the other part within 15 Business Days of the final determination of the adjusted net asset value of Eastern Tailor with reference to the Audited Completion Accounts. If the Consideration as adjusted is higher than HK\$418,036,092.50, the Purchaser will pay the excess amount to the Vendors; and conversely, if the Consideration as adjusted is lower than HK\$418,036,092.50, each Vendor will pay half of the shortfall to the Purchaser. In any event, the Consideration as adjusted must not be more than HK\$450,000,000 or less than HK\$400,000,000 in aggregate. The maximum and minimum limits on the Consideration as adjusted (being HK\$450,000,000 and HK\$400,000,000 respectively) were set to reflect the agreed value of the Sale Shares based on (i) the past financial information of Eastern Tailor and (ii) the expected current assets and current and non-current liabilities of Eastern Tailor up to Completion.

The Consideration (including adjustments, if any) payable or paid will be apportioned between the Company and E. Tung in the proportion of 50:50; and the Consideration so apportioned to the Company in the sum of HK\$209,018,046.25 and to E. Tung in the sum of HK\$209,018,046.25, subject to adjustments, is the consideration for the Company Sale Shares and the E. Tung Sale Shares, respectively.

LETTER FROM THE BOARD

The Consideration (as well as the agreed value of the Property) were determined after arm's length negotiations between the Vendors and the Purchaser with reference to the valuation of the Property of HK\$730,000,000 as at 6 December 2017 conducted by C S Surveyors Limited, an independent professional valuer, using direct comparison approach and having regard to various other factors including recent market transactions and the prevailing commercial and business conditions affecting Eastern Tailor and the Property. Such commercial and business conditions include the record-high property prices in Hong Kong, the comparatively low rental yield of the Property, the increasing operating expenses in maintaining the Property in good leasing condition due to the aging of the Property and the interest rate hike in the United States of America. A copy of the property valuation report from C S Surveyors Limited is set out in Appendix I to this circular.

Condition

The Completion is conditional on and subject to the approval of the transactions contemplated under the Sale and Purchase Agreement by the Independent Shareholders in accordance with Chapter 14A of the Listing Rules at a general meeting held by the Company.

If the above condition is not fulfilled on or before 28 February 2018, the Sale and Purchase Agreement will automatically terminate and the Vendors will procure the refund of the Deposit to the Purchaser in full within 10 Business Days after that date.

Completion

Subject to the fulfillment of the condition above, the Completion will take place on or before 15 March 2018. In the event the condition above has been fulfilled but Completion does not take place (i) due to the default of the Vendors, the Purchaser may by notice to the Vendors terminate the Sale and Purchase Agreement and the Vendors will procure the refund of the Deposit to the Purchaser in full within 10 Business Days after receipt of such notice; or (ii) due to the default of the Purchaser, the Vendors may by notice to the Purchaser elect to proceed to Completion or terminate the Sale and Purchase Agreement and seize and retain the Deposit received and have it absolutely forfeited to the Vendors without prejudice to any other rights which any of the Vendors may have against the Purchaser.

The Purchaser shall not be obliged to purchase any Sale Shares unless the sale and purchase of the Company Sale Shares and the E. Tung Sale Shares are completed simultaneously.

Upon Completion, the Group will cease to hold any equity interests in Eastern Tailor.

LETTER FROM THE BOARD

Other provisions

The obligations and liabilities of the Vendors under the Sale and Purchase Agreement are several (but not joint and several).

The costs of the preparation and audit of the Audited Completion Accounts will be borne by the Vendors in equal share.

INFORMATION ON EASTERN TAILOR

Eastern Tailor is a company owned as to 25% by the Company, 25% by E. Tung and 50% by the Purchaser and is principally engaged in property holding. The principal asset of Eastern Tailor is the Property which is a residential property with saleable area of approximately 19,296 square feet located at No. 20 Stanley Village Road, Stanley, Hong Kong. The Property is currently rented out by Eastern Tailor to various tenants (who are independent third parties) for rental revenues.

Based on the unaudited management accounts of Eastern Tailor for the six months ended 30 September 2017 prepared in accordance with the generally accepted accounting principles in Hong Kong, the unaudited net asset value of Eastern Tailor as at 30 September 2017 was approximately HK\$446,072,185.

Set out below are the financial information of Eastern Tailor prepared in accordance with the generally accepted accounting principles in Hong Kong and extracted from the audited financial statements of Eastern Tailor for each of the two years ended 31 March 2016 and 2017 and the unaudited financial statements of Eastern Tailor for the six months ended 30 September 2017:

	For the six months ended 30 September 2017	For the year ended 31 March	
	2017	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)	(Audited)
Profit before taxation	59,177	28,233	14,011
Profit after taxation	58,488	26,894	12,544
Total assets	450,288	408,315	381,654
Total liabilities	<u>4,216</u>	<u>3,944</u>	<u>4,178</u>
Net asset value	<u><u>446,072</u></u>	<u><u>404,371</u></u>	<u><u>377,476</u></u>

LETTER FROM THE BOARD

As at 30 September 2017, the carrying value of the Group's investment in the Company Sale Shares amounted to HK\$111,518,046, which reflects the underlying carrying value of the Property stated in the amount of HK\$450,000,000.

The significant increase in profit for the year ended 31 March 2017 (when compared to the profit for the year ended 31 March 2016) and the six months ended 30 September 2017 (when compared to the profit for the year ended 31 March 2017) are mainly due to the increase in fair value gains arising from the revaluations of the Property. The fair value gains from the Property amounted to HK\$20,000,000 for the year ended 31 March 2017 (31 March 2016: HK\$5,000,000), while the fair value gains from the Property for the six months ended 30 September 2017 amounted to HK\$55,000,000.

REASONS FOR AND BENEFITS OF THE COMPANY DISPOSAL

The Company is an investment holding company and the principal activities of its subsidiaries include property development, investment and management.

The Group is actively managing and rationalizing its real estate investment portfolio in Hong Kong. The Company and E. Tung acquired their respective shareholdings in Eastern Tailor in September 1994 and Eastern Tailor acquired the Property in December 1994. Since then, Eastern Tailor has served as an asset holding company to hold the Property for long-term capital appreciation and rental revenues. The Company considers that it is now an appropriate and opportune time to sell the Company Sale Shares and enter into the Company Disposal such that the Group would be able to realise the capital appreciation of its indirect investment in the Property.

As at the Latest Practicable Date, Eastern Tailor was accounted for as an associated company of the Company, and its financial results have been accounted for in the Group's financial statements using the equity method. Upon completion of the Company Disposal, Eastern Tailor will cease to be an associated company of the Company.

LETTER FROM THE BOARD

Based on the carrying value of the Group's investment in the Company Sale Shares and the Consideration, it is expected that the Group would record a gain on the Company Disposal of HK\$96,964,700.25 net of expenses directly attributable thereto. Such expected gain is calculated as follows:

	<i>HK\$</i>
Consideration	209,018,046.25
Carrying value of the Group's investment in the Company Sale Shares as at 30 September 2017	(111,518,046.00)
Legal fees	(262,500.00)
Other professional fees	(245,000.00)
Printing and translation fees	<u>(27,800.00)</u>
	<u><u>96,964,700.25</u></u>

The Company Disposal will generate cash inflow to the Group and enhance its liquidity and working capital position. The proceeds from the Company Disposal, net of expenses directly attributable thereto, is estimated to be approximately HK\$208,482,746 and are intended to be used for general working capital of the Group and/or the declaration and payment of special dividends as the Board, taking into account the business, financial and cashflow position of the Group, may consider appropriate and in the interests of the Group and the Shareholders as a whole. Such special dividends, if any, are expected to be declared in or around late June 2018.

E. Tung is principally engaged in investment holding and deposits placing.

The Purchaser is principally engaged in investment holding, properties investment, investment and provision of management service.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of Chapter 14 of the Listing Rules exceed 5% but all of the applicable percentage ratios are less than 25%, the Company Disposal contemplated under the Sale and Purchase Agreement constitutes a discloseable transaction of the Company under the Listing Rules.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is a majority-controlled company held by Mr. Chung Ming Fai, an uncle of the Cheung Brothers, and his three children, that is, the cousins of the Cheung Brothers. In addition, E. Tung is a majority-controlled company held by the Cheung Brothers and their respective family members. Accordingly, the Purchaser is a deemed connected person of the Company and E. Tung is an associate of a connected person of the Company, both are therefore connected persons of the Company under Chapter 14A of the Listing Rules. By virtue of the Purchaser being a deemed connected person and the bundling of the Company Disposal and the E. Tung Disposal, the Company Disposal also constitutes a connected transaction of the Company which is subject to the reporting, announcement and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

The Cheung Brothers and their respective associates (who, to the best knowledge of the Directors having made reasonable enquiries, held approximately 81.23% of the Shares in aggregate as at the Latest Practicable Date) shall abstain from voting on the ordinary resolution to be proposed at the General Meeting to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. Save as disclosed above, no other Shareholder has a material interest in the Company Disposal and accordingly, no other Shareholder is required to abstain from voting on the ordinary resolution to approve the Company Disposal at the General Meeting. As at the Latest Practicable Date, the Cheung Brothers and their respective spouses were interested in 36.38% of the Shares in issue in aggregate, while Madam Chin Lan Hong, the mother of the Cheung Brothers, was interested in 26.59% of the Shares in issue. Some of the foregoing interests were held through body corporates. Please refer to the "Disclosure of Interests" section in Appendix II to this circular for further information. To the best knowledge of the Directors having made reasonable enquiries, the other siblings (including step-siblings and adopted siblings) of the Cheung Brothers and a child (aged over 18) of one of the Cheung Brothers held approximately 18.26% of the Shares in issue in aggregate.

The IBC, comprising all the Independent Non-executive Directors, has been established to give a recommendation to the Independent Shareholders in respect of the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder as well as on how to vote at the General Meeting. Fortune Financial Capital has also been appointed as the independent financial adviser to advise the IBC and the Independent Shareholders in this regard.

The Cheung Brothers as Executive Directors were considered to have a material interest in the Company Disposal and were required to abstain from voting on the Board resolution approving it. As such, only Mr. Cheung Ying Wai, Eric as Executive Director has attended and participated in the deliberations of the transactions contemplated under the Sale and Purchase Agreement at a duly convened meeting of the Board but has abstained from voting on the Board resolution at that meeting approving the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

THE GENERAL MEETING

The notice convening the General Meeting to be held at Room 2500, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong on Tuesday, 6 February 2018 at 10:30 a.m. is set out on pages GM-1 to GM-2 of this circular. A proxy form for use at the General Meeting is enclosed with this circular. Whether or not you are able to attend the General Meeting, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's registered office at Room 2500, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the General Meeting or any adjourned meeting thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the General Meeting or any adjourned meeting thereof (as the case may be) should you so wish, and in such event, the instrument appointing the proxy shall be deemed to be revoked.

Pursuant to the Listing Rules, the votes of the Independent Shareholders at the General Meeting will be taken by poll. The Chairman of the General Meeting will therefore put the resolution to be proposed at the meeting to be voted by way of a poll pursuant to Article 70 of the articles of association of the Company.

An announcement will be made by the Company following the conclusion of the General Meeting to announce the poll results of the General Meeting.

RECOMMENDATION

The Directors (other than the Independent Non-executive Directors) consider that (i) the Company Disposal represents a good opportunity for the Company to realise its investment; (ii) the terms of the Sale and Purchase Agreement are fair and reasonable; and (iii) the Company Disposal is in the interests of the Company and the Shareholders as a whole.

The IBC, having considered the advice of Fortune Financial Capital, is of the view that (i) the Company Disposal is on normal commercial terms and in the ordinary and usual course of business of the Group; (ii) the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Group and the Independent Shareholders are concerned; and (iii) the Company Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, the IBC recommends the Independent Shareholders to vote in favour of the ordinary resolution set out in the notice of the General Meeting to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the property valuation report in respect of the Property set out in Appendix I to this circular.

Your attention is also drawn to the other general information of the Company set out in Appendix II to this circular.

Yours faithfully
On behalf of the Board of
WAH HA REALTY COMPANY LIMITED
CHEUNG Kee Wee
Chairman and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

22 January 2018

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE DISPOSAL OF THE COMPANY'S ENTIRE SHAREHOLDING IN
EASTERN TAILOR ENTERPRISES LIMITED**

INTRODUCTION

We refer to the circular of the Company dated 22 January 2018 (the “**Circular**”), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as members of the IBC to give you recommendation on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder as well as on how to vote at the General Meeting. Fortune Financial Capital has been appointed as the independent financial adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving their advice, are set out on pages 16 to 32 of the Circular. Your attention is also drawn to the letter from the Board in the Circular and the additional information set out in the appendices thereto.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having considered the terms of the Sale and Purchase Agreement, the transactions contemplated thereunder and taking into account the independent advice of Fortune Financial Capital set out in its letter and the relevant information contained in the letter from the Board, we consider that (i) the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group; (ii) the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Group and the Independent Shareholders are concerned; and (iii) the Company Disposal is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend that you vote in favour of the ordinary resolution to be proposed at the General Meeting to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,

Independent Board Committee

Mr. LAM Hon Keung,
Keith

Mr. CHAN Woon Kong

Mr. AU-YANG Cheong Yan,
Peter

Independent Non-executive Directors

LETTER FROM FORTUNE FINANCIAL CAPITAL

The following is the full text of the letter from Fortune Financial Capital which sets out its advice to the IBC and the Independent Shareholders for inclusion in this circular.



富強金融資本
FORTUNE FINANCIAL CAPITAL

Fortune Financial Capital Limited

35th Floor

Office Tower Convention Plaza

1 Harbour Road, Wanchai

Hong Kong

22 January 2018

*To: The Independent Board Committee and the Independent Shareholders of
Wah Ha Realty Company Limited*

Dear Sirs,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE DISPOSAL OF THE COMPANY'S ENTIRE SHAREHOLDING IN
EASTERN TAILOR ENTERPRISES LIMITED**

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the IBC and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 22 January 2018 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 13 December 2017, the Board announced that the Vendors and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Vendors conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Sale Shares at the Consideration (subject to the adjustment mechanism as prescribed in the Sale and Purchase Agreement).

LETTER FROM FORTUNE FINANCIAL CAPITAL

As at the date of the Sale and Purchase Agreement, all applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Company Disposal exceeded 5% but were less than 25%, accordingly, the Sale and Purchase Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company for the purpose of Chapter 14 of the Listing Rules. Furthermore, as at the Latest Practicable Date, the Purchaser was a majority-controlled company held by Mr. Chung Ming Fai, an uncle of the Cheung Brothers, and his three children, that is, the cousins of the Cheung Brothers. In addition, E. Tung was a majority-controlled company held by the Cheung Brothers and their respective family members as at the Latest Practicable Date. Accordingly, the Purchaser is a deemed connected person of the Company and E. Tung is an associate of a connected person of the Company, both are therefore connected persons of the Company under Chapter 14A of the Listing Rules. By virtue of the Purchaser being a deemed connected person and the bundling of the Company Disposal and the E. Tung Disposal, the Company Disposal constitutes a connected transaction of the Company. Accordingly, the Sale and Purchase Agreement and the transactions contemplated thereunder also constitute connected transactions of the Company under Chapter 14A of the Listing Rules, which are subject to the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll and Rule 14A.36 of the Listing Rules requires any shareholder who has a material interest in the underlying transactions to abstain from voting on related resolution(s). As the Cheung Brothers and their respective associates have material interests in the transactions contemplated under the Sale and Purchase Agreement, they are required to abstain from voting on the proposed resolution(s) relating to the Sale and Purchase Agreement and the transactions contemplated thereunder at the General Meeting.

The IBC, comprising Mr. Lam Hon Keung, Keith, Mr. Chan Woon Kong and Mr. Au-Yang Cheong Yan, Peter (all being the independent non-executive Directors), was established to (a) advise the Independent Shareholders on whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are i) fair and reasonable; ii) on normal commercial terms or better; and iii) in the interests of the Company and its Shareholders as a whole; and (b) make recommendation to the Independent Shareholders on how to vote on the resolution(s) to be proposed at the General Meeting to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. We, Fortune Financial Capital Limited, was appointed as the independent financial adviser to advise the IBC and the Independent Shareholders in this regard.

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During the past two years, we have not acted as an independent financial adviser to the independent board committee and/or independent shareholders of the Company. As at the Latest Practicable Date, there was no relationship or interest between (a) Fortune Financial Capital Limited and (b) the Group and its respective subsidiaries and associates that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the IBC and the Independent Shareholders in respect of the Company Disposal.

BASIS OF OUR OPINION

In formulating our recommendation to the IBC and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the management of the Company. We have assumed that all information and representations provided by the Directors and the management of the Company, for which they are solely and wholly responsible, are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the date of the Circular. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquires and careful considerations by the Directors and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Directors and the management of the Company nor have we conducted any independent investigation into the business, financial conditions and affairs or the prospect of the Group or any of their associates.

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In relying on the valuation report dated 22 January 2018 issued by C S Surveyors Limited (the “**Valuer**”) in respect of the valuation of the market value of the Property as at 6 December 2017 (the “**Valuation Report**”), we have reviewed the fairness, reasonableness and completeness of any assumptions made by the Valuer in the Valuation Report. In relation to the Valuer providing an opinion or valuation relevant to the market value of the Property, we have (i) reviewed the Valuation Report and discussed with the Valuer on the methodology, basis and assumptions used in arriving at the appraised value of the Property as at the valuation date, as well as on areas which we required further explanation and we are not aware of any specific issues; (ii) reviewed the terms of engagement of the Valuer having particular regard to whether the scope of work is appropriate and whether there are any limitations on the scope of work which might adversely affect the degree of assurance given by the Valuation Report and we are not aware of any inappropriateness and limitations on the scope of work; (iii) interviewed the Valuer regarding its expertise and for any current or prior relationships with the Purchaser, the Vendors and their respective connected persons and noted all the responsible staff involved are independent to the Vendors, the Purchaser and their respective associates; and (iv) assessed the independence, experience and qualification of the Valuer in respect of the valuation of the market value of the Property and we are satisfied with their qualification and experience.

The Directors have collectively and individually accepted full responsibility, including particulars given in compliance with the Listing Rules, for the purpose of giving information with regard to the Company. The Directors have confirmed, after having made all reasonable enquires, which to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Circular misleading.

This letter is issued to the IBC and the Independent Shareholders solely in connection with their consideration regarding the Sale and Purchase Agreement and the transactions contemplated thereunder.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the IBC and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder, we have taken the following principal factors and reasons into consideration:

(a) Background and reasons for entering into of the Sale and Purchase Agreement

(i) Information of the Group

Background information of the Group

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

LETTER FROM FORTUNE FINANCIAL CAPITAL

Financial highlights of the Group

The table below sets out the audited key financial information of the Group for the two years ended 31 March 2017 and the unaudited key financial information of the Group for the six months ended 30 September 2017 as extracted from the Company's annual report for the year ended 31 March 2017 (the "Annual Report") and interim results announcement for the six months ended 30 September 2017 (the "Interim Results"), respectively:

	For the six months ended 30 September 2017	For the year ended 31 March	
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)	<i>HK\$'000</i> (Audited)
Revenue	6,494	23,664	46,805
Changes in fair value of investment properties	8,500	13,800	(14,351)
Net fair value (losses)/gains on financial assets at fair value through profit or loss	(699)	(245)	886
Other gains/(losses), net	2,822	(4,152)	(2,795)
Operating expenses	<u>(4,569)</u>	<u>(11,115)</u>	<u>(11,974)</u>
Operating Profit	12,548	21,952	18,571
Share of profits less losses of associated companies	77,481	56,652	51,795
Income tax credit/(expense)	<u>92</u>	<u>(1,256)</u>	<u>(4,982)</u>
Profit attributable to the equity holders	<u><u>90,121</u></u>	<u><u>77,348</u></u>	<u><u>65,384</u></u>

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	As at	As at 31 March	
	30 September	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)	(Audited)
Total assets	1,334,151	1,271,339	1,265,443
Total liabilities	<u>35,848</u>	<u>35,336</u>	<u>51,147</u>
Net asset value	<u><u>1,298,303</u></u>	<u><u>1,236,003</u></u>	<u><u>1,214,297</u></u>

As set out in the Annual Report, the Group's revenue for the year ended 31 March 2017 amounted to approximately HK\$23.7 million, a decrease of approximately 49.4% from the previous reporting year which was mainly attributable to the decrease in the sales of the Group's properties of approximately HK\$24.7 million. However, the Group recorded a profit attributable to equity holders of the Company of approximately HK\$77.3 million representing an increase of approximately 18.3% from the year ended 31 March 2016 primarily due to an increase in fair value gains of investment properties of the Group. The carrying value of the Group's interest in Eastern Tailor as at 31 March 2017 and 31 March 2016 were approximately HK\$101.1 million and HK\$94.4 million, respectively.

As set out in the Letter from the Board, the unaudited carrying value of the Group's interest in Eastern Tailor as at 30 September 2017 was approximately HK\$111.5 million.

(ii) Background information of the Purchaser

The Purchaser, Aik San Realty Limited, is a company incorporated in Hong Kong with limited liability. It is principally engaged in investment holding, properties investment, investment and provision of management service and is majority-controlled by Mr. Chung Ming Fai, an uncle of the Cheung Brothers, and his three children.

(iii) Information of Eastern Tailor and the Property

Background information of Eastern Tailor

Eastern Tailor is a company incorporated in Hong Kong with limited liability and is principally engaged in property holding. According to the information provided by the Company, the principal asset of Eastern Tailor was the Property as at 30 September 2017. As at the Latest Practicable Date, Eastern Tailor was owned as to 25% by the Company, 25% by E. Tung and 50% by the Purchaser.

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Financial highlights of Eastern Tailor

The table below summaries the audited key financial information of Eastern Tailor for the two years ended 31 March 2017 and the unaudited key financial information of Eastern Tailor for the six months ended 30 September 2017 as provided by the Company:

	For the six months ended 30 September 2017	For the year ended 31 March 2017	2016
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)	<i>HK\$'000</i> (Audited)
Profit before taxation	59,177	28,233	14,011
Profit after taxation	58,488	26,894	12,544
Total assets	450,288	408,315	381,654
Total liabilities	<u>4,216</u>	<u>3,944</u>	<u>4,178</u>
Net asset value	<u><u>446,072</u></u>	<u><u>404,371</u></u>	<u><u>377,476</u></u>

As set out in the Letter from the Board, the significant increase in profit for the year ended 31 March 2017 (when compared to the profit for the year ended 31 March 2016) and the six months ended 30 September 2017 (when compared to the profit for the year ended 31 March 2017) are mainly due to the increase in fair value gains arising from the revaluations of the Property. The fair value gains from the Property amounted to HK\$20,000,000 for the year ended 31 March 2017 (31 March 2016: HK\$5,000,000), while the fair value gains from the Property for the six months ended 30 September 2017 amounted to HK\$55,000,000. We also noted from the unaudited management accounts for the six months ended 30 September 2017 of Eastern Tailor as provided by the Company, the Property was the only non-current asset of Eastern Tailor which generated revenue for Eastern Tailor. The current assets, non-current liabilities and current liabilities of Eastern Tailor were amounted to approximately HK\$0.3 million, HK\$1.5 million and HK\$2.7 million as at 30 September 2017 respectively, all of which were considered as relative immaterial when compared to the non-current asset of Eastern Tailor.

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Basic information of the Property

Set out below is the basic information of the Property:

Location	:	No. 20 Stanley Village Road, Stanley, Hong Kong
Subject of development	:	Real estate named as “Vista Stanley”
Description of the construction	:	Two four-storey residential blocks which provide 12 residential flats in total with carport on the lower ground floor
Other facilities	:	Closed-circuit television system, car parking spaces, swimming pool, private garden and basketball court
Approximate saleable area	:	19,296 square feet

As appraised by the Valuer, the market value of the Property was HK\$730,000,000 as at 6 December 2017. Details of the valuation of the Property is set out in the property valuation report in Appendix I to the Circular.

(iv) Reasons for and benefits from entering into of the Sale and Purchase Agreement

The Company is an investment holding company and the principal activities of its subsidiaries include property development, investment and management.

The Company acquired its interests in Eastern Tailor in September 1994, whilst Eastern Tailor acquired the Property for a consideration of HK\$120,000,000 in December 1994. Since then, Eastern Tailor has served as an asset holding company to hold the Property for long-term capital appreciation and rental revenues.

As stated in the Interim Results, the Group may consider possible rationalisation and adjustment of its investment portfolio in real estate in Hong Kong so as to create and enhance the value to the Shareholders after taken into consideration, among others, i) Hong Kong property price remained at record high; and ii) the balance sheet normalisation process implemented by the Federal Reserve of the United States which led to the onset of interest rate hike.

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As revealed in the statistics data in relation to the average prices of private domestic property and price indices for Hong Kong property market published by the Rating and Valuation Department of The Government of the Hong Kong Special Administration Region, we noted that the overall property prices soared in Hong Kong from year 2011 to 2015 which was likely driven by the low interest rate resulted from the monetary policy of the United States. The overall property prices dropped from the third quarter of year 2015 to first quarter of year 2016 which was mainly due to the implementation of various government's cooling measures to the property market. However, since the second quarter of year 2016, the private domestic property price started picking up again despite the cooling measures launched by the government of Hong Kong and have been rising continuously in year 2017. At the same time, the United States Federal Reserve raised interest rate three times in year 2017 and the reduction in quantitative easing measures taken by the Federal Reserve of the United States is expected to stimulate interest rate to rise further. It is impossible to predict the prospects of the property market in Hong Kong, however, having considered the uncertainty brought by the factors mentioned in the above, the entering into of the Sale and Purchase Agreement allows the Group to capitalise its profit of its investment in Eastern Tailor at one of the best moments in recent years.

In determining the Consideration, parties to the Sale and Purchase Agreement mutually agreed that the value of underlying principal asset of Eastern Tailor, i.e. the Property, shall be HK\$840 million, which represents premium of approximately 15.1% over the market value of the Property as at 6 December 2017 as evaluated by the Valuer. Furthermore, the Company will receive no less than HK\$200 million from the Company Disposal in any event, which is approximately 79.4% higher than the unaudited carrying value of the Group's interest in Eastern Tailor as at 30 September 2017. Accordingly, it is expected that the Group would record a gain on the Company Disposal.

As stated in the Letter from the Board, the proceeds to be received by the Company from the Company Disposal will be used as general working capital of the Group and/or for the payment of special dividends. In the event that the said proceeds are used as general working capital of the Group, the level of working capital and the financial position of the Group is expected to be improved upon Completion, which is important for the Group's future business development as in case the Company comes across any good investment opportunities that are in line with its core business strategies. Meanwhile, if the said proceeds are used for the payment of special dividends, it would enable the Shareholders to directly benefit from the fruitful result of the Company's investment in Eastern Tailor. It is believed that the Company Disposal represents a good opportunity for the Group to provide greater value to the Shareholders.

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Furthermore, Eastern Tailor is an associated company of the Company which only forms part of the Group's portfolio. There are other investment properties and investment in subsidiaries and associated companies which will continue to generate revenue for the Group and contribute to the sustainable growth of the Company.

Having considered the above, we are of the view that the entering into of the Sale and Purchase Agreement is in the ordinary and usual course of the business of the Group and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

(b) Principal terms of the Sale and Purchase Agreement

We set out below a summary of the principal terms of the Sale and Purchase Agreement:

Date	:	13 December 2017
Parties	:	(i) The Company, as vendor of the Company Sale Shares (ii) E. Tung, as vendor of the E. Tung Sale Shares (iii) The Purchaser, as purchaser of the Sale Shares
Nature of the transactions	:	Among others, the Vendors conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Shares, being 50% of the entire issued share capital of the Eastern Tailor.
Consideration and payment term	:	The consideration for the Sale Shares payable by the Purchaser to the Vendors is HK\$418,036,092.50 (subject to adjustments).

The Consideration will be paid in the following manners:

- (i) HK\$41,803,609, being the Deposit, upon the signing of the Sale and Purchase Agreement; and
- (ii) the remaining balance of the Consideration upon Completion.

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The Consideration (including adjustments, if any) payable or paid will be apportioned between the Company and E. Tung in the proportion of 50:50.

Consideration adjustment mechanism : The Consideration is based on an agreed value of the Property in the sum of HK\$840,000,000 and shall subject to adjustments of the current assets and the current and non-current liabilities of Eastern Tailor with reference to the Audited Completion Accounts to be prepared in accordance with the Sale and Purchase Agreement. Such assets include cash at bank, utility deposits, pre-paid government rent and rates and insurance premium; and such liabilities include provision for tax, rental and licence deposits received, pre-paid rental income and licence fees, unpaid government rent and audit fees, deferred income tax liabilities, and other accrued daily maintenance and repair expenses of a non-capital nature and other professional fees.

Condition precedent : The Completion is conditional on and subject to the approval of Sale and Purchase Agreement and the transactions contemplated thereunder by the Independent Shareholders at the General Meeting.

If the above condition is not fulfilled on or before 28 February 2018, the Sale and Purchase Agreement will automatically terminate and the Vendors will procure the refund of the Deposit to the Purchaser in full within 10 Business Days after termination of the Sale and Purchase Agreement.

If the condition is fulfilled but the Completion does not take place due to,

- (i) the default of the Vendors, the Purchaser may by notice to the Vendors terminate the Sale and Purchase Agreement and the Vendors will procure the refund of the Deposit to the Purchaser in full within 10 Business Days after receipt of such notice; or

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- (ii) the default of the Purchaser, the Vendors may by notice to the Purchaser elect to proceed to Completion or terminate the Sale and Purchase Agreement and seize and retain the Deposit received and have it absolutely forfeited to the Vendors.

Completion : Completion will take place on the Completion Date.

Other provisions : The obligations and liabilities of the Vendors under the Sale and Purchase Agreement are several (but not joint and several).

The Purchaser shall not be obliged to purchase any Sale Shares unless the sale and purchase of the Company Sale Shares and the E. Tung Sale Shares are completed simultaneously.

The costs of the preparation and audit of the Audited Completion Accounts will be borne by the Vendors in equal share.

Further details of the principal terms of the Sale and Purchase Agreement are outlined in the Letter from the Board.

As at the Latest Practicable Date, the Purchaser had already paid the Deposit to the Vendors.

(i) *Analysis on the fairness and reasonableness of the Consideration*

The Consideration

The Consideration comprises the sum of the agreed value of Property of HK\$840,000,000 and any adjustment of the current assets and the current and non-current liabilities of Eastern Tailor with reference to the Audited Completion Accounts to be prepared in accordance with the Sale and Purchase Agreement.

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The agreed value of the Property was determined after arm's length negotiations between the Vendors and the Purchaser with reference to the valuation of the Property of HK\$730,000,000 as at 6 December 2017 conducted by the Valuer and having regard to various other factors including the recent market transactions and the prevailing commercial and business conditions affecting the Property. Such commercial and business conditions include the record-high property prices in Hong Kong, the comparatively low rental yield of the Property, the increasing operating expenses in maintaining the Property in good leasing condition due to the aging of the Property and the interest rate hike in the United States of America.

To further assess the fairness and reasonableness of the Consideration and the agreed value of the Property, we have reviewed the Valuation Report and discussed with the Valuer, we understood that the Valuer has appraised the Property on market basis and the direct comparison methodology and assumptions are adopted where comparison based on prices realised on actual sales of comparable properties is made. Comparable properties of similar size, character and location are considered and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

For our due diligence purpose, we have reviewed and enquired into (i) the methodology used and principal bases and assumptions adopted in the valuation result; (ii) the selection criteria and due diligence measures taken by the Valuer in identifying comparable properties for conducting the valuation of market value of the Property; (iii) details of the comparable properties such as date of transaction, date of grant of occupation permit, transaction price, public transaction records, size, location and character; and (iv) the rationale and basis in weighting respective advantages and disadvantages of each comparable property. During our discussion with the Valuer, we have not identified any material factors which may cause us to doubt the fairness and reasonableness of the principal basis, assumptions and the comparable properties adopted for or the information used in the valuation.

Furthermore, the Valuer confirmed that it is an independent third party to the parties to the Sale and Purchase Agreement and their respective core connected persons. Moreover, we understand that Mr. Alan Au-Yeung, the person in charge of the Valuation, is a registered professional surveyor who has 13 years' experience in the valuation of properties in Hong Kong. We have also reviewed the terms of the Valuer's engagement letter and noted that the scope of work is appropriate for arriving at the opinion of market value on the Property and we are not aware that there are any limitations on the relevant scope of work. Nothing has come to our attention that parties to the Sale and Purchase Agreement had made formal or informal representation to the Valuer that contravenes with our understanding of the information, to a material extent, as set out in the Circular.

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Besides, pursuant to note 1(d) to Rule 13.80 of the Listing Rules, we have performed the following steps regarding the appraisal value of the Property prepared by the Valuer:

- (i) interviewed the Valuer and were satisfied with their experience and expertise;
- (ii) confirmed with the Valuer that it is independent to the Group, the Vendors, the Purchaser and Eastern Tailor;
- (iii) we have reviewed the terms of engagement and the scope of work of the Valuer and considered that the scope of work is appropriate to the opinion required to be given and without any limitations on the scope of work which might adversely impact on the degree of assurance given by the Valuer's report, opinion or statement;
- (iv) upon our interview with the Valuer, save and except those disclosed in the Valuation Report, we were not aware that each of the Company and the Eastern Tailor has made any other formal or informal representations to the Valuer, respectively; and
- (v) reviewed, and discussed with the Valuer, the methodology and underlying assumptions used for the Valuation. We are satisfied that the assumptions and direct comparison methodology are appropriate and objective in such circumstances.

Based on our discussion with the Valuer and our review on the Valuation Report, and having considered that (i) the methodology being applied in the valuation; (ii) the principle bases and assumptions used in arriving at the valuation; and (iii) the selection criteria and due diligence measures taken by the Valuer in identifying comparable properties for conducting the valuation of market value of the Property; (iv) details of the comparable properties as mentioned in the above; (v) the rationale and basis in weighting respective advantages and disadvantages of each comparable property adopted by the Valuer; and (vi) the qualification, expertise and experiences of the Valuer, we consider that there is no substantial factors identified which may cause us to doubt the fairness and reasonableness of the methodology, principal basis, assumptions and the comparable properties adopted in arriving at the result of the Valuation.

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Adjustment mechanism to the Consideration

The Consideration shall be based on an agreed value of the Property in the sum of HK\$840,000,000 and is subject to adjustments of the current assets and the current and non-current liabilities of Eastern Tailor with reference to the Audited Completion Accounts to be prepared in accordance with the Sale and Purchase Agreement. The adjustment amounts shall be settled between the Purchaser on the one part and the Vendors on the other part within 15 Business Days of the final determination of the adjusted net asset value of Eastern Tailor with reference to the Audited Completion Accounts. The Consideration for the Sale Shares payable by the Purchaser to the Vendors is HK\$418,036,092.50 as at the date of signing the Sale and Purchase Agreement. If the Consideration as adjusted is higher than HK\$418,036,092.50, the Purchaser will pay the excess amount to the Vendors, where each of the Vendors will be entitled to half of the excess amount in accordance with their respective ownership of the Sales Shares; and conversely, if the Consideration as adjusted is lower than HK\$418,036,092.50, each Vendor will pay half of the shortfall, reflecting the respective entitlement to the Consideration of each of the Vendors, to the Purchaser. In any event, the Consideration as adjusted must not be more than HK\$450,000,000 or less than HK\$400,000,000 in aggregate.

Upon Completion, the auditors of the Company, who are Independent Third Parties to the Group, Vendors, Purchaser and Eastern Tailor, will be engaged to audit the financial accounts of Eastern Tailor as at the Completion Date for the preparation of the Audited Completion Accounts. The Audited Completion Accounts shall be prepared on the basis of the accounting policies used in the unaudited management accounts of Eastern Tailor for the six months period ended 30 September 2017 and the generally accepted accounting principles in Hong Kong.

Based on the above, in particular that (i) the Consideration represents the agreed value of the Property of HK\$840 million, which was determined after arm's length negotiation among the parties to the Sale and Purchase Agreement and 15.1% premium over the appraised market value of the Property as set out in the Valuation Report, and the adjustments of the current assets and the current and non-current liabilities of Eastern Tailor to be made will make reference to the ownership structure of Eastern Tailor and reflect the actual net value of remaining assets and liabilities of Eastern Tailor which will be audited by the auditors of the Company upon Completion; and (ii) the valuation of the Property has been assessed by the Valuer under commonly adopted valuation methodology, we are of the view that the Consideration and the adjustment mechanism are fair and reasonable so far as the Independent Shareholders are concerned.

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(ii) Possible financial effects of the Company Disposal

Net assets value

According to the Interim Results, the unaudited net asset value of the Group as at 30 September 2017 was approximately HK\$1.30 billion.

As set out in the Letter from the Board, it is expected that the Group will record a net gain on the Company Disposal of approximately HK\$97.0 million. As a result, the net asset value of the Group is also expected to increase by approximately HK\$97.0 million, being the difference between the estimated net proceeds from the Company Disposal and the unaudited carrying value of the Group's investment in Eastern Tailor as at 30 September 2017 of approximately HK\$111.5 million, upon Completion.

Earnings

Upon Completion, Eastern Tailor will cease to be an associated company of the Company and the financial results, assets and liabilities of Eastern Tailor will no longer be equity accounted for in the financial results of the Company. Given the potential positive impact to the net asset value and liquidity of the Company and reasons for entering into of the Sale and Purchase Agreement as discussed, we consider the decrease in future earnings to be acceptable.

Liquidity

According to the Interim Results, the unaudited bank balances and cash of the Group amounted to approximately HK\$262.4 million as at 30 September 2017. The estimated net proceeds from the Company Disposal, shall be amounted to approximately HK\$208.5 million and it is expected that the Company Disposal will have a positive effect on the cash and working capital of the Group.

The actual amount of gain arising from the Company Disposal to be recognised by the Group may be different from the above and may be adjusted according to the financial information of Eastern Tailor as at the Completion Date. It should be noted that the above analyses are for illustrative purposes only and does not purport to represent how the actual financial position of the Group will be as at Completion Date.

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RECOMMENDATION

Having considered the principal factors and reasons discussed above, we are of the view that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Group, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Shareholders, and recommend the IBC to advise the Independent Shareholders to vote in favour of the proposed resolution(s) at the General Meeting in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
FORTUNE FINANCIAL CAPITAL LIMITED
Kenneth Wong
Executive Director

Mr. Wong is a responsible officer under the SFO to engage in type 6 (advising on corporate finance) regulated activities. He has around 10 years of experience in corporate finance.

The following is the text of the independent property valuation report received from C S Surveyors Limited, prepared for the purpose of inclusion in this circular, in connection with the valuation of the Property as at 6 December 2017.

**C S Surveyors Limited**

1/F., Kimley Commercial Building
142-146 Queen's Road Central
Hong Kong

22 January 2018

The Board of Directors**Wah Ha Realty Company Limited**

Room 2500, Dominion Centre,
Nos. 43-59 Queen's Road East
Wanchai
Hong Kong

Dear Sir/Madam,

Re: Valuation of No. 20 Stanley Village Road, Hong Kong

We refer to your instruction for us to value the captioned property (“the Property”) held by an associated company of Wah Ha Realty Company Limited (the “Company”) located in Hong Kong. We confirm that we have carried out property inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 6 December 2017 (the “Valuation Date”) for public circular purpose of the Company.

This letter which forms part of our valuation report explains the basis and methodologies of valuation, clarifying assumptions, valuation considerations, title investigations and limiting conditions of this valuation.

BASIS OF VALUATION

The valuation is our opinion of the market value (“Market Value”) which means the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase and without offset for any associated taxes or potential taxes.

The Market Value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as a typical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

VALUATION METHODOLOGY

We have valued the Property on market basis and the direct comparison method is adopted where comparison based on prices realized on actual sales of comparable properties is made. Comparable properties of similar size, character and location are analyzed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

VALUATION CONSIDERATIONS

In valuing the Property interest, we have complied with all the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards (2012 Edition) issued by The Hong Kong Institute of Surveyors.

VALUATION ASSUMPTION

Our valuation has been made on the assumption that the owner sells the Property in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of the Property.

Unless stated as otherwise, we have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of all laws, except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, all required licenses, permit, certificate, and authorizations have been obtained.

We have assumed that the owner of the Property has free and uninterrupted rights to use and dispose of the Property for the whole of the unexpired term of its Government Lease.

Other special assumptions of the Property, if any, have been stated in the footnote of the valuation certificate of the Property.

TITLE INVESTIGATION

We have carried out searches to be made at the Land Registry for the Property.

However, we have not verified ownership of the Property or to verify the existence of any amendments which do not appear on the copies handed to us. All documents have been used for reference only.

LIMITING CONDITIONS

We have conducted on-site external inspection to the Property on 30 November 2017 by our Mr. Alan Au-Yeung (MHKIS MRICS RPS(GP)) who has 13 years experience in property inspection and valuation. During the course of our inspection, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the Property is free from rot, infestation or any other defects. No tests were carried out on any of the services.

We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the Property and we have assumed that the areas shown on the copies of documents handed to us are correct.

We have relied to a considerable extent, on the information provided by the Company and have accepted advice given to us by the Company on such matters as statutory notices, easements, tenure, occupation, tenancy details, floor area and in the identification of the Property.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which are material to the valuation. We have been also advised by the Company that no material facts have been omitted from the information supplied.

No allowance has been made in our valuation for any charges, mortgages or amount owing on any property interests nor for any expense or taxation which may be incurred in effecting a sale. We have assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its values.

This report is to be used only for the purpose stated herein. Any use or reliance for any other purpose, by you or third parties, is invalid.

REMARKS

We have valued the Property in Hong Kong Dollar (HK\$).

We enclose herewith the valuation certificate.

Yours faithfully,

For and on behalf of

C S Surveyors Limited

Alan S.L. Au Yeung

BSc(Hons) MHKIS MRICS RPS(GP)

MANAGER

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in its existing state as at 6 December 2017
No. 20 Stanley Village Road, Hong Kong The Remaining Portion of Rural Building Lot No. 239	<p>The subject development is named Vista Stanley. It is located in the low-density residential area of Stanley. It comprises 4 storeys including carport on Lower Ground Floor and provides 12 residential flats in total. The building was completed in about 1974.</p> <p>According to the record of the Rating and Valuation Department, the Government of the HKSAR, the saleable area (SA) of each unit is 1,608 sq.ft. or thereabout (i.e. total saleable area: 19,296 sq.ft).</p> <p>For the Ancillary area (Garden/Terrace/Yard/Roof);-</p> <p>1,697 sq.ft. or thereabouts for Flat A1; 808 sq.ft. or thereabouts for Flat A2; 456 sq.ft. or thereabouts for Flat A3; 946 sq.ft. or thereabouts for Flat A4; 829 sq.ft. or thereabouts for Flat A5; 829 sq.ft. or thereabouts for Flat A6; 1,010 sq.ft. or thereabouts for Flat B1; 1,126 sq.ft. or thereabouts for Flat B2; 451 sq.ft. or thereabouts for Flat B3; 649 sq.ft. or thereabouts for Flat B4; 829 sq.ft. or thereabouts for Flat B5; and 829 sq.ft. or thereabouts for Flat B6.</p> <p>The existing use of the property is residential use with carport and recreation facilities.</p> <p>The building condition is reasonable.</p> <p>The property is held under Government Lease for 75 years renewable for 75 years commencing from 12 January 1924.</p> <p>The Government Rent is HK\$301,824 (Per Annum).</p>	Tenanted	HK\$730,000,000 (Hong Kong Dollars Seven Hundred And Thirty Million Only)

Notes:

1. The registered owner of the Property is Eastern Tailor Enterprises Limited. The Property was assigned to the current owner for a consideration of HK\$120,000,000.00 pursuant to an Assignment registered in the Land Registry by memorial no. UB6186849 dated 2 December, 1994.
2. According to the information from the Land Registry, the Property is subject to the following encumbrances:
 - i. Deed of Covenant registered in the Land Registry by memorial no. UB126758 dated 7 May 1931.
 - ii. Letter Approving on Certain Conditions registered in the Land Registry by memorial no. UB842244 dated 21 October 1971.
 - iii. Modification Letter registered in the Land Registry by memorial no. UB9268065 dated 5 July 2004.
3. The Property falls within an area zoned as “Residential (Group C)” under Stanley (HPA19) Outline Zoning Plan No. S/H19/12 gazetted on 1 December 2015.
4. The external inspection was performed by Mr. Alan Au-Yeung on 30 November 2017.
5. The Property is held by Eastern Tailor Enterprises Limited for investment.
6. The tenant details is listed as follows:–

Flats	Rental Period	Monthly Rental (HK\$)
A1 & CP Nos.2 & 3	1/6/2017 to 31/5/2019	106,000.00
A2 & CP Nos.8 & 9	10/7/2017 to 9/7/2019	90,000.00
A3 & CP Nos.6 & 7	15/7/2016 to 14/7/2018	90,000.00
A4 & CP Nos.4 & 21	1/8/2017 to 31/7/2019	91,000.00
A5 & CP No.5	21/11/2016 to 20/11/2018	74,000.00
A6 & CP No.14	21/6/2017 to 20/6/2019	75,000.00
B1 & CP No.12	6/6/2017 to 5/6/2019	95,000.00
B2 & CP Nos.17 & 18	27/5/2017 to 26/5/2019	95,000.00
B3 & CP No.19	21/6/2016 to 20/6/2018	90,000.00
B4	Vacant	–
B5 & CP No.20	1/10/2016 to 30/9/2018	77,000.00
B6 & CP No.15	15/7/2017 to 14/7/2019	71,500.00
CP No.6A	Vacant	–
CP No.10	Vacant	–
CP No.11	Vacant	–
CP No.13	Vacant	–
CP No.16	Vacant	–
CP No.22	Vacant	–
CP No.1	21/1/2017 to 20/11/2018	2,900.00

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the following Directors or Chief Executives of the Company had or were deemed to have 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) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they had taken or were deemed to have taken under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules:

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	–	15,150,160 (Note 1)	–	15,150,160	12.52
Cheung Lin Wee	14,378,800	–	338,000 (Note 2)	14,716,800	12.17
Cheung Ying Wai, Eric	14,144,800	–	–	14,144,800	11.69

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 338,000 shares were beneficially held by Ms. Wu Suet Yi, Rita, the spouse of Mr. Cheung Lin Wee (“CLW”).

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, no other person had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they had taken or were deemed to have taken under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (iii) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders’ and other persons’ interests and short position in the shares, underlying shares and securities of the Company

As at the Latest Practicable Date, so far as was known to the Directors and the Chief Executives of the Company, the following persons (other than Directors or Chief Executives of the Company) had, or were deemed to have, an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange 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	32,162,800 (<i>Note 1</i>)	26.59
Kung So Ha, Anne	15,150,160 (<i>Note 2</i>)	12.52
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	14,716,800 (<i>Note 4</i>)	12.17
Hoh Kwok Hing, Corinne	14,144,800 (<i>Note 5</i>)	11.69
Persons other than Substantial Shareholders:		
Megabest Securities Limited	11,295,600 (<i>Note 6</i>)	9.34
Profit-taking Company Inc.	11,295,600 (<i>Note 6</i>)	9.34
Pullfield Company Limited	11,295,600 (<i>Note 6</i>)	9.34

Notes:

- (1) Out of the 32,162,800 shares, 11,295,600 shares were held by Megabest Securities Limited (“Megabest”) of which Madam Chin Lan Hong was interested in the entire issued share capital, through the chain of ownership being described in Note (6) below; and 20,867,200 shares were held under her personal interests. Madam Chin is the mother of the Cheung Brothers.
- (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. These 15,150,160 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 the securities of the Company and its associated corporations”. These shares were held by Biochoice (in which CKW and his spouse in aggregate owned 50% interest) through its wholly owned subsidiary, Humphrey, the registered owner of the said 15,150,160 shares. CKW is a director of Biochoice and Humphrey.
- (4) Out of the 14,716,800 shares, 338,000 shares were beneficially held by Ms. Wu Suet Yi, Rita, and Ms. Wu was taken to be interested in the remaining 14,378,800 shares in which her spouse CLW was interested under the SFO.
- (5) Ms. Hoh Kwok Hing, Corinne is the wife of Mr. Cheung Ying Wai, Eric 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. The Cheung Brothers are directors of Megabest, Profit-taking and Pullfield.

Save as disclosed above, as at the Latest Practicable Date, 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.

3. INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have since 31 March 2017 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS’ INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, each of the Executive Directors and the Non-executive Director and some of their respective close associates held interests (whether directly or indirectly through private holding companies) in various commercial and residential properties in Hong Kong for investment purposes which were leased out or were available for lease. As such, as at the Latest Practicable Date, such persons had interests which compete or might compete, either directly or indirectly, with the principal business of the Group (being rental business in relation to commercial and/or residential properties in Hong Kong).

Save as disclosed above, to the best knowledge of the Directors, none of the Directors or their respective close associate had any interests in any business which competed or might compete with the business of the Group as at the Latest Practicable Date.

6. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the date of this circular.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2017, the date to which the latest published audited consolidated financial statements of the Group were made up.

8. QUALIFICATION AND CONSENTS OF EXPERTS

The followings are the qualifications of the experts who have given opinion or advice which is contained in this circular:

Name	Qualification
C S Surveyors Limited	Independent professional property valuer
Fortune Financial Capital	A corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO

C S Surveyors Limited and Fortune Financial Capital have given and have not withdrawn their written consents to the issue of this circular with the inclusion of their reports, letters and/or reference to their names or opinions in the form and context in which they respectively appear.

As at the Latest Practicable Date, C S Surveyors Limited and Fortune Financial Capital were not beneficially interested in the share capital of any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, C S Surveyors Limited and Fortune Financial Capital did not, directly or indirectly, have any interest in any assets which had since 31 March 2017 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. MISCELLANEOUS

- (a) The secretary of the Company is Mr. CHU Wing Man, Raymond. He is a fellow member of The Hong Kong Institute of Certified Public Accountants and an associate member of The Hong Kong Institute of Chartered Secretaries.
- (b) The registered office of the Company is situated at Room 2500, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong.
- (c) The share registrar of the Company is Hongkong Managers and Secretaries Limited at Units 1607-8, 16th Floor, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong.
- (d) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) from 10:00 a.m. to 12:30 p.m. and from 2:00 p.m. to 5:00 p.m. at the registered office of the Company from the date of this circular up to and including 6 February 2018 (being the date of the General Meeting):

- (a) the Sale and Purchase Agreement;
- (b) the articles of association of the Company;
- (c) the published annual reports of the Company for each of the two financial years ended 31 March 2016 and 2017;
- (d) the letter from the IBC, the text of which is set out in this circular;
- (e) the letter of advice from Fortune Financial Capital, the text of which is set out in this circular;
- (f) the property valuation report prepared by C S Surveyors Limited, the text of which is set out in Appendix I to this circular;
- (g) the written consents from the experts referred to in the paragraph headed "Qualification and consents of experts" in this appendix; and
- (h) this circular.

NOTICE OF GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that a general meeting (the “General Meeting”) of Wah Ha Realty Company Limited (the “Company”) will be held at Room 2500, Dominion Centre, 43-59 Queen’s Road East, Wanchai, Hong Kong on Tuesday, 6 February 2018 at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

the sale and purchase agreement dated 13 December 2017 (the “Sale and Purchase Agreement”) entered into among the Company and E. Tung Properties Limited (“E. Tung”) (collectively as vendors) and Aik San Realty Limited (as purchaser) for the sale and purchase of 5,000 ordinary shares of the issued share capital of Eastern Tailor Enterprises Limited (the “Sale Shares”) at the consideration of HK\$418,036,092.50 (subject to adjustments required to be made based on the audited completion accounts of Eastern Tailor Enterprises Limited as at completion of the sale and purchase of the Sale Shares as prescribed in the Sale and Purchase Agreement) (a copy of the Sale and Purchase Agreement is marked “A” and produced to the General Meeting and signed by the chairman of the General Meeting for identification purpose) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed; and any one director of the Company is hereby authorized for and on behalf of the Company to execute all such documents (under the common seal of the Company where appropriate) and to do all such acts or things as each such director may in his absolute discretion considers necessary, appropriate, desirable or expedient to give effect to or otherwise in connection with the Sale and Purchase Agreement and the transactions contemplated thereunder.”

By Order of the Board
WAH HA REALTY COMPANY LIMITED
CHEUNG Kee Wee
Chairman and Executive Director

Hong Kong, 22 January 2018

NOTICE OF GENERAL MEETING

Notes:

- (1) A proxy form for use at the General Meeting is enclosed herewith.
- (2) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of any officer, attorney or other person authorised to sign the same.
- (3) Any shareholder of the Company entitled to attend and vote at the General Meeting shall be entitled to appoint one or more than one proxy to attend and vote instead of him. A proxy needs not be a shareholder of the Company but must attend the General Meeting in person to represent him.
- (4) In order to be valid, the proxy form duly completed and signed in accordance with the instructions printed thereon, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority must be returned to the Company's registered office at Room 2500, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event, not less than 48 hours before the time appointed for holding the General Meeting or any adjourned meeting thereof (as the case may be).
- (5) The Register of Members of the Company will be closed from Friday, 2 February 2018 to Tuesday, 6 February 2018, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the share registrar of the Company, Hongkong Managers and Secretaries Limited at Units 1607-8, 16th Floor, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong, no later than 4:00 p.m. on Thursday, 1 February 2018.
- (6) Completion and return of the proxy form will not preclude a shareholder of the Company from attending and voting in person at the General Meeting or at any adjourned meeting (as the case may be) if the shareholder so wishes. In such event, the proxy form will be deemed to be revoked.
- (7) Where there are joint registered holders of any share of the Company, any one of such joint registered holders may vote at the meeting either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint registered holders are present at the meeting personally or by proxy, that one of the said person so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.