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## WINFAIR INVESTMENT COMPANY LIMITED

### 永發置業有限公司

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 287)

#### 2021/22 ANNOUNCEMENT OF INTERIM RESULTS

##### INTERIM RESULTS

The board of directors of Winfair Investment Company Limited (the “Company”) is pleased to report the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2021.

##### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Notes	Six months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	12,084	11,054
Other revenue and gains	4	252	17,680
Fair value loss on equity instruments at fair value through profit or loss		(18,801)	(3,632)
Fair value gain/(loss) on investment properties		19,000	(45,200)
Administrative and general expenses		(3,134)	(3,051)
Finance costs		(152)	(259)
<b>Profit/(loss) before income tax</b>	5	9,249	(23,408)
Income tax expense	6	(597)	(658)
<b>Profit/(loss) for the period attributable to the owners of the Company</b>		<u>8,652</u>	<u>(24,066)</u>
<b>Earnings/(loss) per share (Basic and diluted) (HK cents)</b>	7	<u>21.6</u>	<u>(60.2)</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Profit/(loss) for the period</b>	8,652	(24,066)
<b>Other comprehensive income:</b>		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Changes in fair value of equity instruments at fair value through other comprehensive income	(3,987)	1,540
Other comprehensive income for the period	(3,987)	1,540
<b>Total comprehensive income for the period attributable to owners of the Company</b>	4,665	(22,526)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2021**

	Notes	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,443	1,481
Investment properties	8	937,500	918,500
Properties held for or under development		5,350	5,110
Equity instruments at fair value through other comprehensive income	9	73,687	95,262
		<u>1,017,980</u>	<u>1,020,353</u>
<b>Current assets</b>			
Equity instruments at fair value through profit or loss		72,227	88,430
Trade and other receivables	10	1,139	1,171
Tax recoverable		81	68
Cash and bank balances		125,710	108,290
		<u>199,157</u>	<u>197,959</u>
<b>Current liabilities</b>			
Other payables		6,724	7,635
Bank borrowings - secured	11	18,322	18,727
Tax payable		609	350
		<u>25,655</u>	<u>26,712</u>
<b>Net current assets</b>		<u>173,502</u>	<u>171,247</u>
<b>Total assets less current liabilities</b>		<u>1,191,482</u>	<u>1,191,600</u>
<b>Non-current liabilities</b>			
Provision for long service payments		118	118
Deferred tax liabilities		948	931
		<u>1,066</u>	<u>1,049</u>
<b>NET ASSETS</b>		<u>1,190,416</u>	<u>1,190,551</u>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital		40,000	40,000
Reserves		1,150,416	1,150,551
<b>TOTAL EQUITY</b>		<u>1,190,416</u>	<u>1,190,551</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

	Attributable to owners of the Company				
	Share capital HK\$'000	Capital reserve HK\$'000	Fair value reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
<b>As at 1 April 2020 (audited)</b>	40,000	251	2,926	1,148,798	1,191,975
Loss for the period	-	-	-	(24,066)	(24,066)
Other comprehensive income:					
Changes in fair value of equity instruments at fair value through other comprehensive income ("FVTOCI")	-	-	1,540	-	1,540
Total other comprehensive income	-	-	1,540	-	1,540
Total comprehensive income	-	-	1,540	(24,066)	(22,526)
Dividend paid (Note 12)	-	-	-	(10,800)	(10,800)
Fair value reserve transferred to retained profits upon disposal of equity instruments at FVTOCI	-	-	4,063	(4,063)	-
<b>As at 30 September 2020 (unaudited)</b>	<b>40,000</b>	<b>251</b>	<b>8,529</b>	<b>1,109,869</b>	<b>1,158,649</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - Continued  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

	Attributable to owners of the Company				
	Share capital HK\$'000	Capital reserve HK\$'000	Fair value reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
<b>As at 1 April 2021 (audited)</b>	40,000	251	21,991	1,128,309	1,190,551
Profit for the period	-	-	-	8,652	8,652
Other comprehensive income:					
Changes in fair value of equity instruments at FVTOCI	-	-	(3,987)	-	(3,987)
Total other comprehensive income	-	-	(3,987)	-	(3,987)
Total comprehensive income	-	-	(3,987)	8,652	4,665
Dividend paid (Note 12)	-	-	-	(4,800)	(4,800)
Fair value reserve transferred to retained profits upon disposal of equity instruments at FVTOCI	-	-	(8,206)	8,206	-
<b>As at 30 September 2021 (unaudited)</b>	40,000	251	9,798	1,140,367	1,190,416

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

### 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

These interim condensed consolidated financial statements of the Group for the six months period ended 30 September 2021 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

These interim condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the Group’s audited annual consolidated financial statements for the year ended 31 March 2021. These interim condensed consolidated financial statements and notes do not include all the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”) and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 March 2021.

These interim condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, properties held for or under development and certain financial instruments, which are measured at fair values, as appropriate. Historical cost is generally based on the fair value of consideration for goods and services.

The accounting policies applied that have been used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the Group’s financial statements for the year ended 31 March 2021, except for the adoption of the new and amended HKFRSs, which collective term includes all applicable HKFRSs, HKASs and Interpretations effective for the first time for annual period beginning on 1 April 2021.

The financial information relating to the year ended 31 March 2021 that is included in this announcement as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance, Chapter 622 of the laws of Hong Kong (the “Companies Ordinance”) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 March 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

## **1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES - Continued**

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

The preparation of these interim condensed consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The significant judgements made by management of the Company in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's audited annual consolidated financial statements for the year ended 31 March 2021.

The application of the new and revised HKFRSs issued by the HKICPA that are mandatorily effective for the current interim period has had no material effect on the amounts reported in these interim condensed consolidated financial statements and/or disclosures set out in these interim condensed consolidated financial statements, unless otherwise stated.

The Group has not early applied the new or revised standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations issued but not yet effective will have no material impact on the results and financial position of the Group.

## 2. SEGMENT INFORMATION

The Group determines its operating segments based on internal reports reviewed by the Group's chief operating decision maker (i.e. the executive directors), that are used to assess segment performance and make strategic decision. All the Group's activities are carried out in Hong Kong.

The reportable segments of the Group are as follows:

Securities investment	- securities investment for short-term and long-term
Property leasing	- letting investment properties
Property development	- properties held for or under development

The following is an analysis of the Group's revenue and results by operating segment for the period:

	Securities investment		Property leasing		Property development		Consolidated total	
	Six months ended 30 September		Six months ended 30 September		Six months ended 30 September		Six months ended 30 September	
	2021	2020	2021	2020	2021	2020	2021	2020
(Unaudited)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue								
- external customer	<u>5,615</u>	<u>4,316</u>	<u>6,469</u>	<u>6,738</u>	<u>-</u>	<u>-</u>	<u>12,084</u>	<u>11,054</u>
Segment results before net gains or losses	4,995	3,817	4,711	22,513	(10)	37	9,696	26,367
Fair value loss on equity instruments at fair value through profit or loss ("FVTPL")	(18,801)	(3,632)	-	-	-	-	(18,801)	(3,632)
Fair value gain/(loss) on investment properties	-	-	19,000	(45,200)	-	-	19,000	(45,200)
Fair value gain on properties held for or under development	-	-	-	-	240	-	240	-
Segment results	<u>(13,806)</u>	<u>185</u>	<u>23,711</u>	<u>(22,687)</u>	<u>230</u>	<u>37</u>	<u>10,135</u>	<u>(22,465)</u>
Finance costs							(152)	(259)
Unallocated corporate expenses							(734)	(684)
Profit/(loss) before income tax							<u>9,249</u>	<u>(23,408)</u>



## 2. SEGMENT INFORMATION - Continued

An analysis of the Group's segment assets and liabilities are as follows:

	Securities investment		Property leasing		Property development		Consolidated total	
	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
<b>Assets</b>								
Segment assets	236,363	262,927	956,846	933,077	5,350	5,110	1,198,559	1,201,114
Tax recoverable	-	-	75	67	6	1	81	68
	<u>236,363</u>	<u>262,927</u>	<u>956,921</u>	<u>933,144</u>	<u>5,356</u>	<u>5,111</u>	<u>1,198,640</u>	<u>1,201,182</u>
Unallocated corporate assets							18,497	17,130
<b>Total assets</b>							<u>1,217,137</u>	<u>1,218,312</u>
<b>Liabilities</b>								
Segment liabilities	180	246	21,484	24,812	119	102	21,783	25,160
Tax payable and deferred tax liabilities	-	-	1,557	1,275	-	6	1,557	1,281
	<u>180</u>	<u>246</u>	<u>23,041</u>	<u>26,087</u>	<u>119</u>	<u>108</u>	<u>23,340</u>	<u>26,441</u>
Unallocated corporate liabilities							3,381	1,320
<b>Total liabilities</b>							<u>26,721</u>	<u>27,761</u>

Segment assets principally comprise all tangible assets and current assets directly attributable to each segment with the exception of other unallocated head office and corporate assets (including fixed deposits and bank accounts) as these assets are managed on a group basis. Segment liabilities include all liabilities and borrowings directly attributable to and managed by each segment with the exception of other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

### 3. REVENUE

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Gross rental income from investment properties	6,469	6,738
Dividend income from listed investments		
- Equity instruments at FVTPL	3,220	1,418
- Equity instruments at FVTOCI	2,344	1,941
	5,564	3,359
Gain on disposal of equity instruments at FVTPL	51	957
	<u>12,084</u>	<u>11,054</u>

### 4. OTHER REVENUE AND GAINS

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Fair value gain on properties held for or under development	240	-
Government subsidies (Note(i))	-	216
Sundry income (Note (ii))	12	17,464
	<u>252</u>	<u>17,680</u>

Notes:

- (i) The Government subsidies for the six months ended 30 September 2020 represent one-off subsidies under Employment Support Scheme launched by Hong Kong Special Administrative Region Government. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.
- (ii) Sundry income for the six months ended 30 September 2020 mainly represents a one-off refund of stamp duty.

## 5. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax is arrived at after charging:

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Depreciation		
- Owned property, plant and equipment	3	4
- Right-of-use assets including within leasehold land and building	35	35
Interest on bank borrowings	152	259
Loss on disposal of property, plant and equipment	-	3
Provision for expected credit losses on trade and other receivables	-	49
	<u>          </u>	<u>          </u>

## 6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Hong Kong Profits Tax	580	650
Deferred income tax	<u>17</u>	<u>8</u>
Income tax expense	<u>597</u>	<u>658</u>

Hong Kong Profits Tax is calculated at the rate of 16.5% (six months ended 30 September 2020: 16.5%) on the estimated assessable profits arising in Hong Kong, except for one subsidiary of the Company which is a qualifying corporation under two-tiered profits tax rates regime. For this subsidiary, the first HK\$2,000,000 of assessable profits are taxed at 8.25% (six months ended 30 September 2020: 8.25%) and the remaining assessable profits are tax at 16.5% (six months ended 30 September 2020: 16.5%).

## 7. EARNINGS/(LOSS) PER SHARE

The basic earnings/(loss) per share for the period is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue held by the Group of 40,000,000 (six months ended 30 September 2020: 40,000,000) during the period. There were no potential dilutive ordinary shares outstanding for both periods ended as at 30 September 2021 and 2020.

## 8. INVESTMENT PROPERTIES

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
<b>Fair value</b>		
At the beginning of the period/year	918,500	940,000
Additions	-	6,600
Increase/(decrease) in fair value recognised in profit or loss	<u>19,000</u>	<u>(28,100)</u>
At the end of the period/year	<u>937,500</u>	<u>918,500</u>

All investment properties of the Group are situated in Hong Kong and held under following lease terms:

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Short-term lease	18,000	19,500
Medium-term lease	225,100	224,600
Long-term lease	<u>694,400</u>	<u>674,400</u>
	<u>937,500</u>	<u>918,500</u>

## 8. INVESTMENT PROPERTIES - Continued

The Group's investment properties were revalued at 30 September 2021 and 31 March 2021, giving rise to an unrealised fair value gain of approximately HK\$19,000,000 (six months ended 30 September 2020: unrealised fair value loss of approximately HK\$45,200,000) which has been recognised in the condensed consolidated statement of profit or loss for the period. The fair values of the Group's investment properties at 30 September 2021 and 31 March 2021 have been derived by RHL Appraisal Limited, an independent qualified professional valuer, using direct comparison method.

Included in the investment properties, the carrying value of HK\$600,000,000 as at 30 September 2021 (31 March 2021: HK\$580,000,000) represents the investment properties under redevelopment in Hong Kong.

At 30 September 2021, the investment properties with aggregate carrying value of approximately HK\$66,000,000 (31 March 2021: HK\$67,500,000) have been pledged to a bank to secure general bank facilities of the Group.

## 9. EQUITY INSTRUMENTS AT FVTOCI

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Listed shares in Hong Kong, at fair value	<u>73,687</u>	<u>95,262</u>

The listed equity securities were irrevocably designated at FVTOCI as the Group considers the investment to be long-term strategic capital investment in nature. The Group held less than 1% interest of issued share capital for each underlying investee company.

## 9. EQUITY INSTRUMENTS AT FVTOCI - Continued

Top five holdings of the Group's equity instruments at FVTOCI are as follows:

Stock Code	Stock name	Principal business	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
388	Hong Kong Exchanges and Clearing Limited	Financials	22,324	25,855
2	CLP Holdings Limited	Utilities	15,000	15,100
1113	CK Assets Holdings Limited	Properties & Construction	6,548	8,741
1	CK Hutchison Holdings Limited	Conglomerate	5,205	6,207
1398	Industrial and Commercial Bank of China Limited ("ICBC") - H Shares	Financials	5,201	6,703
17	New World Development Co Limited	Properties & Construction	N/A	11,706

N/A - It is not applicable to disclose as it was not the top five holdings of the Group's equity instruments at FVTOCI in the respective financial year.

Changes in fair value of the above equity securities are recognised in other comprehensive income and accumulated within the fair value reserve within equity. The Group transfers amounts from fair value reserve to retained profits when the relevant equity securities are derecognised.

During the six months ended 30 September 2021, the Group disposed certain equity securities as these investments no longer coincided with the Group's investment strategy. The fair value on the date of disposal was approximately HK\$17,588,000 (six months ended 30 September 2020: HK\$19,243,000), resulting in a transfer of accumulated gain on the equity instruments at FVTOCI of approximately HK\$8,206,000 (six months ended 30 September 2020: accumulated loss on equity investment at FVTOCI of approximately HK\$4,063,000) within equity.

The fair values of listed securities are determined on the basis of their quoted market prices at the end of the reporting period.

## 10. TRADE AND OTHER RECEIVABLES

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Rental receivables (note)		
- Within 30 days	109	120
- Within 31 days to 60 days	93	94
- Within 61 days to 90 days	43	43
	<u>245</u>	<u>257</u>
Other receivables	757	737
Deposits and prepayments	241	281
	<u>1,243</u>	<u>1,275</u>
Less: Provision for expected credit losses	(104)	(104)
Total trade and other receivables, net	<u>1,139</u>	<u>1,171</u>

### Note:

Rental receivables from tenants are payable on presentation of invoices. Normally, monthly rentals are payable in advance by tenants in accordance with the respective lease term. As at 30 September 2021 and 31 March 2021, all trade and other receivables are expected to be recovered within one year. The ageing analysis is presented based on the invoice date at the end of the reporting period. The Group does not hold any collateral over these balances.

In determining the recoverability of rental receivables, the Group reviews the recoverable amount of each tenant at the end of the reporting period to ensure the adequate impairment losses are made for irrecoverable amounts. The exposure of credit risk is limited due to deposits received from tenants. Full allowance will be made on the balance overdue for 90 days after setting off the relevant tenant's deposit.

Movements on the provision for expected credit losses are as follows:

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Balance at beginning of the period/year	104	90
Provision	-	105
Write off	-	(91)
Balance at end of the period/year	<u>104</u>	<u>104</u>

## 11. BANK BORROWINGS - SECURED

The Group's secured bank loans at the end of the reporting period were repayable as follows:

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
<b>Current liabilities</b>		
- Within one year	811	811
- After one year but not exceeding two years	811	811
- After two years but not exceeding five years	16,700	17,105
	<u>18,322</u>	<u>18,727</u>

Notes:

- (a) As at 30 September 2021, secured bank loans of approximately HK\$18,322,000 (31 March 2021: HK\$18,727,000) are classified as current liabilities as the related loan agreements contain a clause that provides the lenders with an unconditional right to demand repayment at any time at its own discretion.
- (b) The Group's secured bank loans bear interest at 1.55% above Hong Kong Interbank Offered Rate ("HIBOR"), or 1.8% per annum below Hong Kong Dollars Best Lending Rate ("BLR") of a commercial bank in Hong Kong (31 March 2021: 1.55% above HIBOR, or 1.8% below BLR). During the six months ended 30 September 2021, interest on bank borrowings was approximately HK\$152,000 (six months ended 30 September 2020: HK\$259,000).
- (c) As at 30 September 2021 and 31 March 2021, bank borrowings were secured by (i) investment properties amounting to approximately HK\$66,000,000 (31 March 2021: HK\$67,500,000); and (ii) a corporate guarantee amounting to HK\$32,900,000 (31 March 2021: HK\$32,900,000) given by the Company in favour of the bank for securing the aforesaid loans.
- (d) The Group needs to fulfill certain covenants on loan-to-security value ratio. If the Group was to breach the covenants, the draw down facilities would become payable on demand and the rent of the pledged properties would be collected by the bank. The Group regularly monitors its compliance with these covenants. As at 30 September 2021 and 31 March 2021, the Group has not breach any of the covenants of the banking facilities.
- (e) The directors of the Company consider that the carrying amount of the bank borrowings approximates their fair value.



## 12. DIVIDENDS

- (a) Dividends payable to equity shareholders of the Company attributable to the period:

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interim dividend declared after the end of the reporting period		
- HK\$0.02 (2020: HK\$0.02) per ordinary share	800	800
Interim special dividend declared after the end of the reporting period		
- Nil (2020: HK\$0.03) per ordinary share	<u>-</u>	<u>1,200</u>
	<u>800</u>	<u>2,000</u>

The interim dividend declared after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

- (b) Dividends attributable to the previous financial year, approved and paid during the period:

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Final dividend declared and paid		
- HK\$0.12 (2020: HK\$0.12) per ordinary share	4,800	4,800
Final special dividend declared and paid		
- Nil (2020: HK\$0.15) per ordinary share	<u>-</u>	<u>6,000</u>
	<u>4,800</u>	<u>10,800</u>

### 13. CAPITAL COMMITMENTS

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
<b>Contracted but not provided for:</b>		
Capital expenditure for the redevelopment of the investment properties	13,050	13,050
<b>Authorised but not contracted for:</b>		
Capital expenditure for the redevelopment of the investment properties	<u>54,000</u>	<u>54,000</u>

## 14. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### Financial assets measured at fair value

#### Fair value Hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value are grouped into the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Recurring fair value measurement</b>				
<b>Financial assets:</b>				
<b>As at 30 September 2021 (unaudited)</b>				
Equity instruments at FVTOCI				
- listed shares in HK	73,687	-	-	73,687
Equity instruments at FVTPL				
- listed shares in HK	<u>72,227</u>	<u>-</u>	<u>-</u>	<u>72,227</u>
	<u>145,914</u>	<u>-</u>	<u>-</u>	<u>145,914</u>
<b>As at 31 March 2021 (audited)</b>				
Equity instruments at FVTOCI				
- listed shares in HK	95,262	-	-	95,262
Equity instruments at FVTPL				
- listed shares in HK	<u>88,430</u>	<u>-</u>	<u>-</u>	<u>88,430</u>
	<u>183,692</u>	<u>-</u>	<u>-</u>	<u>183,692</u>

During the period, there was no transfer of financial instruments between different levels of fair value hierarchy. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

## **INTERIM DIVIDEND**

The board has resolved to pay an interim dividend of 2 HK cents per share (2020: an interim dividend of 2 HK cents per share and an interim special dividend of 3 HK cents per share), totaling HK\$800,000 (2020: HK\$2,000,000). Such dividend will be paid on or about 7 January 2022 to the shareholders whose names appear on the Register of Members of the Company at the close of business on 17 December 2021.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Wednesday, 15 December 2021 to Friday, 17 December 2021, both days inclusive. To qualify for the interim dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, 17 Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 14 December 2021.

## **SHARE PURCHASE, SALE OR REDEMPTION**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's issued shares during the period under review.

## **CORPORATE GOVERNANCE**

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not during the six months ended 30 September 2021 in compliance with the code provisions set out in the "Corporate Governance Code" contained in Appendix 14 of the Listing Rules, except that:

- The Group has not designated any chief executive officer. Generally, prior approvals by all executive directors are required for all strategic decisions and are to be confirmed either at formal board meeting or under written resolution subsequently. The Group believes that the existing organisation and decision making procedures are adequate for the Group to cope with the ever-changing economic environment;
- The non-executive and independent non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the Company;
- Directors appointed to fill casual vacancy are not subject to election by shareholders at the first general meeting after their appointment. They will hold office until the next annual general meeting at which they are eligible for re-election; and
- The Group has not arranged insurance cover in respect of legal action against its directors as the Board considers that there is prudent management policy currently in place. However, the need for insurance policy will be subject to review from time to time.

## **BUSINESS REVIEW AND PROSPECTS**

### **Business review**

The Group's turnover for the period amounted to approximately HK\$12,084,000, representing an increase by approximately HK\$1,030,000 (or 9.3%), as compared to the same period in last year.

During the period, the Group recorded a profit of approximately HK\$8,652,000 as compared to the loss of HK\$24,066,000 for the same period in last year. The improvement was mainly due to fair value gain on investment properties incurred during the period.

### **Property leasing**

The rental income of the Group was approximately HK\$6,469,000, representing a decrease of approximately HK\$269,000 (or 4.0%), as compared to the same period in last year. The decrease was mainly due to continuous rental concession granted to certain tenants in COVID-19 pandemic since March 2020 and the increase in the vacancy rate of investment properties.

Excluding a one-off stamp duty refund of HK\$17,407,000 which was recorded as sundry income in last corresponding period and recurring valuation gain or loss of investment properties, the leasing segment recorded a profit of approximately HK\$4,711,000, representing a decrease by approximately HK\$395,000 (or 7.7%), as compared to profit of approximately HK\$5,106,000 in last corresponding period.

Regarding to the redevelopment project on No. 31 Fuk Tsun Street ("FTS Project"), consultancy service on foundation work is underway.

The Group recorded a fair value gain on investment properties of approximately HK\$19,000,000 (six months ended 30 September 2020: fair value loss of HK\$45,200,000) during the period under review. As at 30 September 2021, the Group's fair value of investment properties was HK\$937,500,000 (31 March 2021: HK\$918,500,000).

### **Property development**

The Group recorded a fair value gain of approximately HK\$240,000 (six months ended 30 September 2020: Nil) on property held for or under development during the period.

Regarding the land located at Lot No. 2874 RP in demarcation district 130 Tuen Mun, Lam Tei, New Territories, the Group re-applied and re-negotiated with the Lands Department for the proposed change from agricultural land use to commercial use in October 2018. Up to the present, there has been no significant progress.

## Securities investment

Dividend income increased by approximately HK\$2,205,000 (or 65.6%) to approximately HK\$5,564,000 as compared to the same period in last year.

During the period, the Group recorded a realised gain on disposal of equity instruments at FVTPL of approximately HK\$51,000 (six months ended 30 September 2020: HK\$957,000). The Group also disposed of certain equity instruments at FVTOCI at an aggregate consideration of approximately HK\$17,588,000 and realised a gain of approximately HK\$8,206,000 (six months ended 30 September 2020: loss of HK\$4,063,000) which was directly transferred from fair value reserve to retained profits. The gain was mainly derived from the disposal of New World Development Company Limited (stock code: 0017) and Hong Kong Exchanges and Clearing Limited (stock code: 388).

During the period under review, the Group recorded an unrealised loss on equity instruments at FVTPL of approximately HK\$18,801,000 (six months ended 30 September 2020: HK\$3,632,000) and unrealised loss on equity instruments at FVTOCI of approximately HK\$3,987,000 (six months ended 30 September 2020: unrealised gain of HK\$1,540,000) which were recorded in statement of profit or loss and other comprehensive income respectively. As at 30 September 2021, the Group's listed share investment portfolios had an aggregate fair value of approximately HK\$145,914,000 (31 March 2021: HK\$183,692,000).

## Securities investment - Continued

Details of the top five in the Group's share investment portfolios as at 30 September 2021 for long-term and trading purpose are set out in Table 1 and Table 2 below, respectively:

Table 1: Details of the top five in the Group's Share Investment Portfolio for Long-Term Purpose

Stock code	Stock name	Principal business	Investment Costs (HK\$'000)	Fair value at 30.9.2021 (HK'000)	Proportional to total assets of the Group	Fair value gain/(loss) during the period (HK\$'000)	Gain on disposal (HK\$'000)	Dividend income (HK\$'000)
1. 388	Hong Kong Exchanges and Clearing Limited	Financials	9,602	22,324	1.9%	1,767	3,406	218
2. 2	CLP Holdings Limited	Utilities	10,937	15,000	1.3%	(100)	-	252
3. 1113	CK Assets Holdings Limited	Properties & Construction	2,821	6,548	0.5%	(63)	1,353	330
4. 1	CK Hutchison Holdings Limited	Conglomerates	9,479	5,205	0.4%	(1,002)	-	250
5. 1398	ICBC - H Shares	Financials	6,881	5,201	0.4%	(1,502)	-	346
	Other securities (note(1))		31,459	19,409	1.6%	(3,087)	3,447	948
	<b>Total</b>		<b>71,179</b>	<b>73,687</b>	<b>6.1%</b>	<b>(3,987)</b>	<b>8,206</b>	<b>2,344</b>

Note (1): Other securities included ten stocks listed in Hong Kong. Six of which were current constituents of the Hang Seng Index and their principal businesses mainly included conglomerates, financials, energy and information technology.

Gain of approximately HK\$3,447,000 included in "Other securities" mainly derived from disposal of New World Development Company Limited (stock code: 0017).

Note (2): The Group held less than 1% interest of the issued share capital for each underlying company.

## Securities investment - continued

Table 2: Details of the top five in the Group's Share Investment Portfolio for Trading Purpose

Stock code	Stock name	Principal business	Investment Costs (HK\$'000)	Fair value at 30.9.2021 (HK'000)	Proportional to total assets of the Group	Fair value loss during the period (HK\$'000)	Gain/ (loss) on disposal (HK\$'000)	Dividend income (HK\$'000)
1. 9988	Alibaba Group Holdings Ltd - SW	Information Technology	21,342	12,087	1.0%	(6,613)	-	-
2. 2628	China Life Insurance Co. Ltd. - H Shares	Financials	15,710	10,735	0.9%	(2,755)	-	581
3. 914	Anhui Conch Cement Co. Ltd. - H shares	Materials	12,274	9,240	0.8%	(1,881)	(205)	600
4. 2318	Ping An Insurance (Group) Co. of China Limited - H Shares	Financials	6,658	5,858	0.4%	(801)	-	105
5. 1398	Industrial and Commercial Bank of China Ltd ("ICBC")- H Shares	Financials	8,388	5,629	0.4%	(1,625)	-	374
	Other securities (note (1))		41,120	28,678	2.4%	(5,126)	256	1,560
	<b>Total</b>		<b>105,492</b>	<b>72,227</b>	<b>5.9%</b>	<b>(18,801)</b>	<b>51</b>	<b>3,220</b>

Note (1): Other securities included 17 stocks listed in Hong Kong. Seven of which were current constituent of the Hang Seng Index and their principal businesses were properties and construction, financials, energy, consumer staples and automobile.

Note (2): The Group held less than 1% interest of the issued share capital for each underlying company.



## **Liquidity and financial resources**

As at 30 September 2021, the Group's total bank borrowings were approximately HK\$18,322,000, which were wholly repayable within 5 years (31 March 2021: HK\$18,727,000). All of the Group's bank borrowings are at floating interest rates. The Group's gearing ratio, which was taken as bank borrowings to total shareholders' equity, were 1.5%. The Group's banking facilities are subject to review at any time, and also subject to the Bank's overriding right of repayment on demand.

Cash held by the Group as at 30 September 2021 was to approximately HK\$125,710,000 (31 March 2021: HK\$108,290,000). The Group's outstanding capital commitments for property redevelopment projects, which were contracted for but not accounted for, were HK\$13,050,000. The capital expenditures for redevelopment projects are expected to be partly funded by internal resources and partly funded by construction loan. The management of the Company continues to operate under a prudent financial policy and will implement all necessary measures to ensure that the Group maintains adequate cash and appropriate credit facilities to meet its future operating, project development expenditure, and loan repayment obligations. The Group will arrange new credit facilities for the Group's property development, when necessary. In the long run, the Group will continue to adopt an optimum financial structure for the best interests of its shareholders in light of changes in economic conditions.

The Group did not use any financial instruments for hedging purposes during the six months ended 30 September 2021.

## **Assets pledged**

As at 30 September 2021, the investment properties of the Group with an aggregate carrying value of HK\$66,000,000 (31 March 2021: HK\$67,500,000) were pledged to a bank to secure general banking facilities granted to the Group.

## Prospects

The recent macroeconomic indicators showed the global economy has steadily improved. Many businesses have reopened and implemented precautionary measures required by the Government. It is unquestionable that the COVID-19 pandemic still dominates the global economic outlook. The instability of the global logistics and transportation slow down the speed of the recovery. The efficacy of vaccines against new virus variant remains uncertain. The Group will keep a close watch of the business environment, market sentiment and precautionary measures implemented by the Government. The Group will make appropriate adjustment on rental policy in order to minimize vacancy rates. The Group expects that the rental income remains under downward pressure in short to medium term, but at a relatively moderate rate.

Besides the COVID-19 pandemic, political tension between China and US has also brought a barrier to the global economic recovery. Also, any new or revised regulation or law implemented by the mainland and Hong Kong Government which affects the business environment may in turn affect in the value of listed shares. The management expects the securities market to remain volatile. With that being said, as a result of the current steadily recovery of the economy, the management expects that the dividend yield of share investment may improve. The management will continue to review the share investment portfolio and make appropriate adjustments.

To maximize returns to shareholders of the Company, the Group will keep its current business strategy for identifying high yield property investments and at the same time evaluate and balance between the risk and return for each potential investment.

## INDEPENDENT REVIEW

The interim results for the six months ended 30 September 2021 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, by BDO Limited, Certified Public Accountants, whose Report on Review of Interim Financial Information is included in the interim report to be sent to shareholders. The interim results have also been reviewed by the company’s Audit Committee.

By order of the board

**Ng Tai Wai**  
Chairman

**Hong Kong, 29 November 2021**

*As at the date of this announcement, the executive directors of the Company are Mr. Ng Tai Wai and Mr. Ng Tai Yin Victor, the non-executive directors are Mr. So Kwok Leung, Mr. So Kwok Wai Benjamin and Ms. Ng Kwok Fun, the independent non-executive directors are Dr. Ng Chi Yeung Simon, Ms. Chan Suit Fei Esther and Mr. Heng Pei Neng Roy.*