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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)

**ANNOUNCEMENT OF FINAL RESULTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

The board of directors of Winfair Investment Company Limited (the “Company”) would like to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2023 together with comparative figures for the year ended 31 March 2022. The annual results of the Group have been reviewed by the Company’s audit committee.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 HK\$	2022 HK\$
Revenue	4	19,239,752	18,910,935
Other revenue and losses, net	5	(5,665,577)	(22,657,865)
Fair value (loss)/gain on investment properties		(41,600,000)	25,700,000
Administrative and general expenses		(6,402,696)	(6,866,012)
Finance costs		<u>(520,986)</u>	<u>(304,977)</u>
<b>(Loss)/profit before income tax</b>	6	(34,949,507)	14,782,081
Income tax expense	7	<u>(1,277,850)</u>	<u>(1,297,517)</u>
<b>(Loss)/profit for the year attributable to the owners of the Company</b>		<u>(36,227,357)</u>	<u>13,484,564</u>
<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		<u>(6,610,528)</u>	<u>(7,053,174)</u>
<b>Other comprehensive income for the year</b>		<u>(6,610,528)</u>	<u>(7,053,174)</u>
<b>Total comprehensive income for the year attributable to the owners of the Company</b>		<u>(42,837,885)</u>	<u>6,431,390</u>
<b>(Loss)/earnings per share (Basic and diluted)</b>	8	<u>(0.91)</u>	<u>0.34</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2023**

	Notes	2023 HK\$	2022 HK\$
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,364,522	1,403,948
Investment properties	9	902,600,000	944,200,000
Properties held for or under development		5,550,000	5,550,000
Equity instruments at fair value through other comprehensive income	10	<u>62,367,257</u>	<u>70,315,381</u>
		<u>971,881,779</u>	<u>1,021,469,329</u>
<b>Current assets</b>			
Equity instruments at fair value through profit or loss		59,266,116	72,546,728
Trade and other receivables	11	585,703	527,782
Tax recoverable		38,359	99,719
Cash and bank balances		<u>134,256,374</u>	<u>120,634,252</u>
		<u>194,146,552</u>	<u>193,808,481</u>
<b>Current liabilities</b>			
Other payables		4,223,254	4,799,722
Bank borrowings - secured	12	17,105,727	17,916,315
Provision for long service payments		24,000	-
Tax payable		<u>289,247</u>	<u>43,729</u>
		<u>21,642,228</u>	<u>22,759,766</u>
<b>Net current assets</b>		<u>172,504,324</u>	<u>171,048,715</u>
<b>Total assets less current liabilities</b>		1,144,386,103	1,192,518,044
<b>Non-current liabilities</b>			
Provision for long service payments		94,000	118,000
Rental deposits received		207,928	-
Deferred tax liabilities		<u>1,041,925</u>	<u>969,391</u>
		<u>1,343,853</u>	<u>1,087,391</u>
<b>NET ASSETS</b>		<u>1,143,042,250</u>	<u>1,191,430,653</u>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	13	40,000,000	40,000,000
Reserves		<u>1,103,042,250</u>	<u>1,151,430,653</u>
<b>TOTAL EQUITY</b>		<u>1,143,042,250</u>	<u>1,191,430,653</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2023**

	Share capital HK\$	Capital reserve* HK\$	Fair value reserve* HK\$	Retained profits* HK\$	Total HK\$
<b>At 1 April 2021</b>	40,000,000	251,046	21,990,467	1,128,308,979	1,190,550,492
Profit for the year	-	-	-	13,484,564	13,484,564
Other comprehensive income:					
Changes in fair value of equity instruments at fair value through other comprehensive income (“FVTOCI”)	-	-	(7,053,174)	-	(7,053,174)
Total other comprehensive income	-	-	(7,053,174)	-	(7,053,174)
Total comprehensive income	-	-	(7,053,174)	13,484,564	6,431,390
Fair value reserve transferred to retained profits upon disposal of equity instruments at FVTOCI	-	-	(8,219,541)	8,219,541	-
Dividends approved, net of unclaimed dividend forfeited, in respect of the previous year (Note 14)	-	-	-	(4,751,229)	(4,751,229)
Dividends declared in respect of the current year (Note 14)	-	-	-	(800,000)	(800,000)
<b>At 31 March 2022 and 1 April 2022</b>	40,000,000	251,046	6,717,752	1,144,461,855	1,191,430,653
Loss for the year	-	-	-	(36,227,357)	(36,227,357)
Other comprehensive income:					
Changes in fair value of equity instruments at FVTOCI	-	-	(6,610,528)	-	(6,610,528)
Total other comprehensive income	-	-	(6,610,528)	-	(6,610,528)
Total comprehensive income	-	-	(6,610,528)	(36,227,357)	(42,837,885)
Fair value reserve transferred to retained profits upon disposal of equity instruments at FVTOCI	-	-	(851,902)	851,902	-
Dividends approved, net of unclaimed dividend forfeited, in respect of the previous year (Note 14)	-	-	-	(4,750,518)	(4,750,518)
Dividends declared in respect of the current year (Note 14)	-	-	-	(800,000)	(800,000)
<b>At 31 March 2023</b>	<u>40,000,000</u>	<u>251,046</u>	<u>(744,678)</u>	<u>1,103,535,882</u>	<u>1,143,042,250</u>

\* These reserve accounts comprise the consolidated reserves of approximately HK\$1,103,042,250 in the consolidated statement of financial position as at 31 March 2023 (2022: HK\$1,151,430,653).

## Notes

### 1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

The consolidated financial statements have been prepared under the historical cost basis except for certain properties and financial instruments which are measured at fair values.

The financial information relating to the years ended 31 March 2023 and 2022 included in this announcement does not constitute the Company’s statutory annual consolidated financial statements for these two years but is derived from those consolidated financial statements. Further information relating to these statutory accounts required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “Companies Ordinance”) is as follows:

The Company delivered the financial statements for the year ended 31 March 2022 to the Registrar of Companies of Hong Kong as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 March 2023 to the Registrar of Companies of Hong Kong within the prescribed time limit.

The Company’s auditors have reported on those consolidated financial statements of the Company for both years ended 31 March 2023 and 2022. The auditor’s reports were unqualified; did not include reference to any matters to which the auditors 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.

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

#### 2.1 Adoption of revised HKFRSs

The HKICPA has issued a number of amended HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to HKFRS 1, HKFRS 9 and HKFRS 16 and HKAS 41	Annual Improvements to HKFRSs 2018-2020
Amendments to HKFRS 3	Reference to the Conceptual Framework

The amended HKFRSs did not have any significant impact on the Group’s results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) - Continued

### 2.2 New or revised HKFRSs that have been issued but are not yet effective

The following new or amended HKFRSs, potentially relevant to the Group’s consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1	Non-current Liabilities with Covenants (the “2022 Amendments”) <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the “2020 Amendments”) <sup>2, 4</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Disclosure of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
HKFRS 17 and Amendments to HKFRS 17	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

<sup>4</sup> As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion.

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) - Continued

### 2.2 New or revised HKFRSs that have been issued but are not yet effective - Continued

#### Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)

The amendments clarify how to treat liabilities that are subject to covenants to be complied with, at a date subsequent to the reporting period. The 2022 Amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The 2022 Amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability’s classification as current or non-current. The 2022 Amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application of the 2022 Amendments is permitted.

The directors of the Company do not anticipate that the application of the amendments and revision in the future will have an impact on the consolidated financial statements.

#### Amendments to HKAS 1 Classification of Liabilities as Current or Non-current (the “2020 Amendments”)

The amendments clarify the requirements on classifying liabilities as current or non-current. The 2020 Amendments provide clarification that if an entity’s right to defer settlement of a liability is subject to compliance with future covenants, the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The 2020 Amendments also clarify the situations that are considered as a settlement of a liability. The 2020 Amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application of the 2020 Amendments is permitted. However, an entity that applies the 2020 Amendments early is also required to apply the 2022 Amendments, and vice versa.

The directors of the Company do not anticipate that the application of the amendments and revision in the future will have an impact on the consolidated financial statements.

#### Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) - Continued

### 2.2 New or revised HKFRSs that have been issued but are not yet effective - Continued

#### Amendments to HKAS 1 Disclosure of Accounting Policies - Continued

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The directors of the Company do not anticipate that the application of the amendments and revision in the future will have an impact on the consolidated financial statements.

#### Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The directors of the Company do not anticipate that the application of the amendments and revision in the future will have an impact on the consolidated financial statements.

#### Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

In addition, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the provisions for decommissioning and restoration and the corresponding amounts recognised as part of the cost of the related assets.

The directors of the Company do not anticipate that the application of the amendments and revision in the future will have an impact on the consolidated financial statements.

The other amended HKFRSs that have been issued but not yet effective have no significant impact on the Group's results and financial position.

### 3. 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.

The reportable segments of the Group are as follows:

- Securities investments - 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 year:

	Securities investments		Property leasing		Property development		Total	
	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$
Segment revenue								
- external customer	6,502,203	5,962,520	12,737,549	12,948,415	-	-	19,239,752	18,910,935
Segment results before net gains or losses	5,112,215	4,551,086	9,334,896	9,020,272	(18,855)	(22,700)	14,428,256	13,548,658
Fair value loss on equity instruments at FVTPL	(6,781,631)	(23,122,030)	-	-	-	-	(6,781,631)	(23,122,030)
Fair value (loss)/gain on investment properties	-	-	(41,600,000)	25,700,000	-	-	(41,600,000)	25,700,000
Fair value gain on properties held for or under development	-	-	-	-	-	440,000	-	440,000
Segment results	(1,669,416)	(18,570,944)	(32,265,104)	34,720,272	(18,855)	417,300	(33,953,375)	16,566,628
Bank interest income							948,054	165
Finance costs							(520,986)	(304,977)
Unallocated corporate expenses							(1,423,200)	(1,479,735)
(Loss)/profit before income tax							(34,949,507)	14,782,081

All the Group's activities are carried out in Hong Kong.

Revenue and expenses are allocated to the operating segments by reference to revenue generated by those segments and the expenses incurred by those segments including depreciation and impairment losses attributable to those segments. Bank interest income, finance costs and certain corporate expenses are not allocated to the operating segments as they are not included in the measure of the segments results that is used by the chief operating decision-maker for assessment of segment performance.

Revenue attributed from customers that contributing for 10% or more of the Group's total revenue during the year, are as follows:

	2023 HK\$	2022 HK\$
Customer A	4,834,922	4,889,188
Customer B	2,808,000	2,808,000

For the years ended 31 March 2023 and 2022, both customers A and B are from property leasing segment.

### 3. SEGMENT INFORMATION - Continued

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

	Securities investments		Property leasing		Property development		Total	
	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$
<b>Assets</b>								
Segment assets	146,267,561	226,447,128	915,711,802	966,040,043	5,550,000	5,550,000	1,067,529,363	1,198,037,171
Tax recoverable	-	-	31,733	93,603	6,626	6,116	38,359	99,719
	<u>146,267,561</u>	<u>226,447,128</u>	<u>915,743,535</u>	<u>966,133,646</u>	<u>5,556,626</u>	<u>5,556,116</u>	<u>1,067,567,722</u>	<u>1,198,136,890</u>
Unallocated corporate assets							98,460,609	17,140,920
<b>Total assets</b>							<u>1,166,028,331</u>	<u>1,215,277,810</u>
<b>Liabilities</b>								
Segment liabilities	278,090	248,480	19,831,107	21,121,123	103,858	102,508	20,213,055	21,472,111
Tax payable and deferred tax liabilities	-	-	1,331,172	1,013,120	-	-	1,331,172	1,013,120
	<u>278,090</u>	<u>248,480</u>	<u>21,162,279</u>	<u>22,134,243</u>	<u>103,858</u>	<u>102,508</u>	<u>21,544,227</u>	<u>22,485,231</u>
Unallocated corporate liabilities							1,441,854	1,361,926
<b>Total liabilities</b>							<u>22,986,081</u>	<u>23,847,157</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 borrowing 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.

Other segment information is as follows:

	Securities investments		Property leasing		Total	
	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$
Capital expenditure	8,967	-	51,143	-	60,110	-
Loss on disposal of property, plant and equipment	1,561	-	17,161	-	18,722	-
Depreciation	1,477	817	79,337	76,556	80,814	77,373
(Reversal of)/provision for expected credit losses on trade and other receivables	-	-	(89,500)	75,500	(89,500)	75,500
Fair value loss on equity instruments at FVTOCI	(6,610,528)	(7,053,174)	-	-	(6,610,528)	(7,053,174)
Gains on disposal of equity instruments at FVTOCI transferred from fair value reserve to retained profits	851,902	8,219,541	-	-	851,902	8,219,541

#### 4. REVENUE

	2023 HK\$	2022 HK\$
Gross rental income from investment properties	12,737,549	12,948,415
Dividend income from listed investments		
- Equity instruments at FVTPL	3,446,593	3,421,890
- Equity instruments at FVTOCI		
- related to investments derecognised during the year	26,850	70,015
- related to investments held at the end of the reporting period	3,028,760	2,878,487
Loss on disposal of equity instruments at FVTPL	-	(407,872)
	<u>19,239,752</u>	<u>18,910,935</u>

#### 5. OTHER REVENUE AND LOSSES, NET

	2023 HK\$	2022 HK\$
Bank interest income	948,054	165
Fair value loss on equity instruments at FVTPL	(6,781,631)	(23,122,030)
Fair value gain on properties held for or under development	-	440,000
Government subsidies (Note (i))	144,000	-
Sundry income	24,000	24,000
	<u>(5,665,577)</u>	<u>(22,657,865)</u>

Notes:

- (i) The Government subsidies represented subsidies under the Employment Support Scheme launched by the Hong Kong Special Administrative Region Government. There are no unfulfilled conditions and other contingencies attached to the recognition of those subsidies.

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

(Loss)/profit before income tax is arrived at after charging:

	2023 HK\$	2022 HK\$
Auditors' remuneration		
- audit services	408,000	370,000
- non-audit services	110,400	107,000
Depreciation	80,814	77,373
Direct operating expenses in respect of investment properties		
- that generated rental income	392,280	479,601
- that did not generate rental income	116,473	254,669
Interest on bank borrowings	520,986	304,977
Loss on disposal of property, plant and equipment	18,722	-
(Reversal of)/provision for expected credit losses on trade and other receivables	(89,500)	75,500

## 7. INCOME TAX EXPENSE

	2023 HK\$	2022 HK\$
Current income tax - Hong Kong Profits tax	1,241,000	1,311,000
Over provision in prior years	(35,684)	(51,626)
	<u>1,205,316</u>	<u>1,259,374</u>
Deferred income tax	<u>72,534</u>	<u>38,143</u>
Income tax expense	<u>1,277,850</u>	<u>1,297,517</u>

Hong Kong Profits tax is calculated at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong, except for one subsidiary of the Company which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%).

## 8. (LOSS)/EARNINGS PER SHARE

The basic (loss)/earnings per share for the year is calculated by dividing the (loss)/profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue held by the Group of 40,000,000 (2022: 40,000,000) during the year. There were no dilutive potential ordinary share outstanding for both years.

## 9. INVESTMENT PROPERTIES

	2023 HK\$	2022 HK\$
<b>Fair value</b>		
At the beginning of year (level 3 recurring fair value)	944,200,000	918,500,000
(Decrease)/increase in fair value recognised in profit or loss	<u>(41,600,000)</u>	<u>25,700,000</u>
At the end of year (level 3 recurring fair value)	<u>902,600,000</u>	<u>944,200,000</u>

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

	2023 HK\$	2022 HK\$
Short-term lease	17,000,000	17,500,000
Medium-term leases	231,600,000	232,300,000
Long-term leases	<u>654,000,000</u>	<u>694,400,000</u>
	<u>902,600,000</u>	<u>944,200,000</u>

Lease payments may be varied periodically to reflect market rentals.

The investment properties were revalued on 31 March 2023 and 31 March 2022 by RHL Appraisal Limited, an independent firm of professional surveyors, on an open market value basis.

Included in the investment properties, the carrying value of HK\$564,000,000 (2022: HK\$600,000,000) as at 31 March 2023 represents the investment properties under redevelopment in Hong Kong.

At 31 March 2023, the investment properties with aggregate carrying value of approximately HK\$63,000,000 (2022: HK\$65,500,000) have been pledged to a bank to secure general bank facilities of the Group.

## 10. EQUITY INSTRUMENTS AT FVTOCI

	2023 HK\$	2022 HK\$
<b>Listed shares in Hong Kong, at fair value and classified as non-current assets</b>		
At the beginning of the year	70,315,381	95,261,855
Disposals	(1,337,596)	(17,893,300)
Decrease in fair value	<u>(6,610,528)</u>	<u>(7,053,174)</u>
At the end of the year	<u>62,367,257</u>	<u>70,315,381</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.

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

Stock Code	Stock name	Principal business	2023 HK\$'000	2022 HK\$'000
388	Hong Kong Exchanges and Clearing Limited	Financials	16,201	17,280
2	CLP Holdings Limited	Utilities	11,340	15,270
1113	CK Asset Holdings Limited	Properties & Construction	5,727	7,797
386	China Petroleum & Chemical Corporation - H Shares	Energy	5,336	N/A
1398	Industrial and Commercial Bank of China Limited - H Shares	Financials	5,021	5,778
1	CK Hutchison Holdings Limited	Conglomerate	<u>N/A</u>	<u>5,766</u>

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

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 year, 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 HK\$1,337,596 (2022: HK\$17,893,300), resulting in a transfer of accumulated profit on the equity instruments at FVTOCI of approximately HK\$851,902 (2022: HK\$8,219,541) within equity.

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

## 11. TRADE AND OTHER RECEIVABLES

	2023 HK\$	2022 HK\$
Rental receivables (note)		
- Within 30 days	77,500	104,371
- Within 31 days to 60 days	52,500	88,500
- Within 61 days to 90 days	22,500	69,000
- Within 91 days to 120 days	-	55,500
	<u>152,500</u>	<u>317,371</u>
Other receivables	150,673	85,868
Deposits and prepayments	<u>337,030</u>	<u>304,543</u>
	640,203	707,782
Less: Provision for expected credit losses	<u>(54,500)</u>	<u>(180,000)</u>
Total trade and other receivables, net	<u><u>585,703</u></u>	<u><u>527,782</u></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 31 March 2023 and 2022, 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.

Movements on the provision for expected credit losses as follows:

	2023 HK\$	2022 HK\$
Balance at beginning of the year	180,000	104,500
(Reversal of)/provision	(89,500)	75,500
Write off	<u>(36,000)</u>	<u>-</u>
Balance at end of the year	<u><u>54,500</u></u>	<u><u>180,000</u></u>

## 12. BANK BORROWINGS - SECURED

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

	2023 HK\$	2022 HK\$
<b>Current liabilities</b>		
- Within one year	810,588	810,588
- After one year but not exceeding two years	16,295,139	810,588
- After two years but not exceeding five years	-	16,295,139
	<u>17,105,727</u>	<u>17,916,315</u>

Notes:

- (a) As at 31 March 2023, secured bank loans of approximately HK\$17,106,000 (2022: HK\$17,916,000) 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 (2022: 1.55% above HIBOR, or 1.8% below BLR). During the year, the finance costs on bank borrowings were HK\$520,986 (2022: HK\$304,977).
- (c) As at 31 March 2023 and 2022, the Group's bank borrowings were secured by (i) investment properties of the Group amounting to approximately HK\$63,000,000 (2022: HK\$65,500,000) (note 9) and (ii) a corporate guarantee amounting to HK\$32,900,000 (2022: 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 were to breach the covenants, the drawn 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 31 March 2023 and 2022, the Group has not breached 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.

## 13. SHARE CAPITAL

	HK\$
<b>Issued and fully paid:</b>	
<b>At 1 April 2021, 31 March 2022 and 31 March 2023</b>	
- 40,000,000 ordinary shares	<u>40,000,000</u>

## 14. DIVIDENDS

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

	2023 HK\$	2022 HK\$
Interim dividend declared and paid of HK\$0.02 (2022: HK\$0.02) per ordinary share	800,000	800,000
Final dividend proposed after the end of the reporting period of HK\$0.12 (2022: HK\$0.12) per ordinary share	<u>4,800,000</u>	<u>4,800,000</u>
	<u>5,600,000</u>	<u>5,600,000</u>

The final dividend proposed 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 year:

	2023 HK\$	2022 HK\$
Final dividend for the year ended 31 March 2022 of HK\$0.12 (2021: HK\$0.12) per ordinary share	4,800,000	4,800,000
Unclaimed dividend forfeited*	<u>(49,482)</u>	<u>(48,771)</u>
	<u>4,750,518</u>	<u>4,751,229</u>

\* Pursuant to Article 145 of the Articles of Association of the company, on 22 March 2023 the board of directors resolved that the dividends for the financial years 2015/16 to 2016/17 amounting to HK\$49,482 payable on or before 6 January 2017 remained unclaimed on 22 March 2023 be forfeited and recognised in the equity.

Pursuant to Article 145 of the Articles of Association of the company, on 29 March 2022 the board of directors resolved that the dividends for the financial years 2014/15 to 2015/16 amounting to HK\$48,771 payable on or before 8 January 2016 remained unclaimed on 29 March 2022 be forfeited and recognised in the equity.

The unclaimed dividend forfeited is a non-cash transaction.

## 15. CAPITAL COMMITMENT

At the end of the reporting period, the Group had the following commitment:

	2023 HK\$	2022 HK\$
<b>Contracted but not provided for:</b>		
Capital expenditure for the redevelopment of the investment properties	<u>13,050,000</u>	<u>13,050,000</u>
<b>Authorised but not contracted for:</b>		
Capital expenditure for the redevelopment of the investment properties	<u>54,000,000</u>	<u>54,000,000</u>

## **DIVIDENDS**

In January 2023, the Company paid an interim dividend of 2 HK cents per share (2022: 2 HK cents), totaling HK\$800,000 (2022: HK\$800,000).

The board will propose in the Annual General Meeting to be held on 7 September 2023 the payment of a final dividend of 12 HK cents per share (2022: 12 HK cents per share) in respect of the year ended 31 March 2023, absorbing a total amount of HK\$4,800,000 (2022: HK\$4,800,000). It is proposed that the dividend cheque will be dispatched on or about 28 September 2023 to the shareholders whose names are on the Register of Members on 15 September 2023.

## **CLOSURE OF REGISTER**

For the purpose of ascertaining the entitlement of the shareholders to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from Monday, 4 September 2023 to Thursday, 7 September 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 1 September 2023.

The register of members of the Company will also be closed from Thursday, 14 September 2023 to Friday, 15 September 2023, both days inclusive, during which period no transfer of shares of the Company will be registered for the purpose of ascertaining the entitlement to the proposed final dividend for the year ended 31 March 2023. To qualify for the receipt of the proposed dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 13 September 2023.

## **CORPORATE GOVERNANCE PRACTICE**

Save for the exceptions set out below, the Company has complied with all Code Provisions set out in the “Corporate Governance Code” contained in Appendix 14 of the Listing Rules throughout the year ended 31 March 2023 and up to the latest practicable date prior to the publication of this announcement:

1. The Group has not designated any chief executive. Generally, prior approvals by all executive directors are required for all strategic decisions and are confirmed in formal board meeting or under written resolutions 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; and
2. 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 reviewed from time to time.

## **SHARE PURCHASE, SALES OR REDEMPTION**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company or any of its subsidiaries during the year under review.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Results**

For the year under review, the revenue of the Group increased by approximately HK\$329,000 (or 1.7%), to approximately HK\$19,240,000, as compared to the preceding year. The Group recorded a loss of approximately HK\$36,227,000, as compared to a profit of approximately HK\$13,485,000 in the preceding year. The turnaround from profit to loss was mainly due to fair value loss on investment properties incurred during the year.

## **Property leasing**

The rental income of the Group for the year ended 31 March 2023 was approximately HK\$12,738,000, representing a slightly decrease of approximately HK\$211,000 (or 1.6%), as compared to the preceding year.

Excluding a recurring valuation gain or loss of investment properties, the leasing segment recorded a profit of approximately HK\$9,335,000 for the year ended 31 March 2023, representing an increase of approximately HK\$315,000 (or 3.5%), as compared to approximately HK\$9,020,000 in the preceding year.

Regarding the redevelopment project on No. 31 Fuk Tsun Street (“FTS Project”), the management of the Group has recommenced site investigation since mid-November 2022.

The Group recorded a fair value loss on investment properties of approximately HK\$41,600,000 (2022: gain of HK\$25,700,000) during the year under review. As at 31 March 2023, the Group’s investment properties portfolio amounted to HK\$902,600,000 (2022: HK\$944,200,000).

## **Property development**

For the year ended 31 March 2023, the Group recorded no fair value gain or loss (2022: gain of HK\$440,000) on property held for or under development.

As at the date of this report, there was no significant progress on the development.

## **Share investments and dividend income**

Dividend income for the year ended 31 March 2023 increased by approximately HK\$132,000 (equivalent to approximately 2%) to HK\$6,503,000, as compared to the preceding year.

During the year under review, the Group disposed of certain equity instruments at FVTOCI at an aggregate consideration of approximately HK\$1,338,000 and realised a gain of approximately HK\$852,000 (2022: HK\$8,220,000) which was directly transferred from fair value reserve to retained profits.

During the year under review, the Group recorded a fair value loss on equity instruments at FVTPL of approximately HK\$6,782,000 (2022: HK\$23,122,000) and a fair value loss on equity instruments at FVTOCI of HK\$6,611,000 (2022: HK\$7,053,000) which were recorded in the consolidated statement of profit or loss and other comprehensive income respectively. As at 31 March 2023, the Group’s listed share investment portfolios had an aggregate fair value of approximately HK\$121,633,000 (2022: HK\$142,862,000).

## Share investments and dividend income - Continued

Details of the top five of the Group's share investment portfolios as at 31 March 2023 for long-term investment and trading purposes 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 Investment Purpose

Stock code	Stock name	Principal Business	Investment Costs (HK\$'000)	Fair value at 31.3.2023 (HK'000)	Proportional to total assets of the Group	Fair value loss during the year (HK\$'000)	Gain on disposal (HK\$'000)	Dividend income (HK\$'000)
1. 388	Hong Kong Exchanges and Clearing Limited	Financials	9,602	16,201	1.4%	(1,079)	-	332
2. 2	CLP Holdings Limited	Utilities	10,937	11,340	1.0%	(3,930)	-	620
3. 1113	CK Assets Holdings Limited	Properties & Construction	2,335	5,727	0.5%	(732)	852	316
4. 386	China Petroleum & Chemical Corporation - H shares	Energy	7,030	5,336	0.4%	817	-	566
5. 1398	Industrial & Commercial Bank of China Limited ("ICBC") - H Shares	Financials	6,881	5,021	0.4%	(757)	-	371
	Other securities (note(1))		33,616	18,742	1.6%	(930)	-	851
	<b>Total</b>		<b>70,401</b>	<b>62,367</b>	<b>5.3%</b>	<b>(6,611)</b>	<b>852</b>	<b>3,056</b>

Note (1): Other securities included ten stocks listed on the Hong Kong Stock Exchange, six of which were current constituents of the Hang Seng Index and their principal businesses mainly included property and construction, conglomerates, financials and information technology.

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

## Share investments and dividend income - 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 31.3.2023 (HK'000)	Proportional to total assets of the Group	Fair value gain/(loss) during the year (HK\$'000)	Dividend income (HK\$'000)
1. 2628	China Life Insurance Co. Ltd. - H Shares	Financials	14,962	10,320	0.9%	751	576
2. 9988	Alibaba Group Holdings Ltd - SW	Information Technology	20,312	9,538	0.8%	(1,040)	-
3. 914	Anhui Conch Cement Co. Ltd. - H shares	Materials	11,558	6,256	0.5%	(2,698)	478
4. 1398	ICBC - H Shares	Financials	8,388	5,434	0.5%	(819)	402
5. 3988	Bank of China - H Shares	Financials	6,556	5,322	0.5%	(248)	412
	Other securities (note (1))		39,365	22,396	1.9%	(2,728)	1,578
	Total		101,141	59,266	5.1%	(6,782)	3,446

Note (1): Other securities included 21 stocks listed on the Hong Kong Stock Exchange, eight of which were current constituents of the Hang Seng Index and their principal businesses were properties and construction, financials, energy, consumer staples, automobile, utilities and real estate REIT.

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

## **Liquidity and financial resources**

As at 31 March 2023, the Group's total bank borrowings amounted to approximately HK\$17,106,000, all of which were denominated in Hong Kong dollars wholly repayable within two years (2022: within five years HK\$17,916,000). 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, remained at 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 31 March 2023 amounted to approximately HK\$134,256,000 (2022: HK\$120,634,000). The Group's outstanding capital commitments for property redevelopment projects, which were contracted but not provided 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 loans. The management of the Group 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 optimal 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 years ended 31 March 2023 and 2022.

## **Assets pledged**

As at 31 March 2023, the Group's investment properties with an aggregate carrying value of HK\$63,000,000 (2022: HK\$65,500,000) were pledged to a bank to secure general banking facilities granted to the Group.

## **Contingent liabilities**

The Group did not have any contingent liabilities as at 31 March 2023 and 2022.

## **PROSPECTS**

The Hong Kong and Mainland China Governments have continued to relax anti-epidemic measures since late January 2023. The management expects the business and economic activities would gradually return to normal. The performance of the listed companies listed in Hong Kong and property vacancy rates would improve in the future. The management remains optimistic about the outlook of the Hong Kong economy.

## PROSPECTS - Continued

However, the upsurge in interest rates, inflation, geopolitical factors, energy crisis, trade war and credit crunch in Western countries have brought uncertainty to the global economic recovery. As the US economy is still in the interest rate hike cycle, and a strong US dollar has traditionally had an adverse effect on the economy, it is expected the securities market will be more volatile in the short run. We will make appropriate adjustments to the securities portfolio in order to safeguard the assets of the Group and consequential return to its shareholders. Relatively high interest rate increases the cost of business and property development cost. We will keep a close watch over the property market and reassess the property market from time to time.

By Order of the Board

**Ng Tai Wai**  
Chairman

Hong Kong, 26 June 2023

*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.*