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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)

#### 2020/21 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 2020.

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Notes	Six months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	3	11,054	12,957
Other revenue	4	17,680	2,747
Fair value loss on equity instruments at fair value through profit or loss		(3,632)	(10,208)
Fair value loss on investment properties		(45,200)	(29,745)
Fair value gain on properties held for or under development		-	120
Administrative and general expenses		(3,051)	(3,407)
Finance costs		(259)	(378)
<b>Loss before income tax</b>	5	<b>(23,408)</b>	<b>(27,914)</b>
Income tax expense	6	(658)	(745)
<b>Loss for the period attributable to the owners of the Company</b>		<b>(24,066)</b>	<b>(28,659)</b>
<b>Losses per share (Basic and diluted) (HK cents)</b>	7	<b>(60.2)</b>	<b>(71.6)</b>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Loss for the period</b>	<u>(24,066)</u>	<u>(28,659)</u>
<b>Other comprehensive income:</b>		
<i><u>Item that will not be reclassified subsequently to profit or loss:</u></i>		
Changes in fair value of equity instruments at fair value through other comprehensive income	<u>1,540</u>	<u>(18,281)</u>
Other comprehensive income for the period	<u>1,540</u>	<u>(18,281)</u>
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<u><u>(22,526)</u></u>	<u><u>(46,940)</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2020**

	Notes	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,520	1,555
Investment properties	8	895,400	940,000
Properties held for or under development		5,080	5,080
Equity instruments at fair value through other comprehensive income	9	75,772	81,138
		<u>977,772</u>	<u>1,027,773</u>
<b>Current assets</b>			
Equity instruments at fair value through profit or loss		52,067	56,224
Trade and other receivables	10	587	106,605
Tax recoverable		60	26
Cash and bank balances		158,989	27,979
		<u>211,703</u>	<u>190,834</u>
<b>Current liabilities</b>			
Other payables		10,051	5,746
Bank borrowings - secured	11	19,132	19,537
Tax payable		621	335
		<u>29,804</u>	<u>25,618</u>
<b>Net current assets</b>		<u>181,899</u>	<u>165,216</u>
<b>Total assets less current liabilities</b>		<u>1,159,671</u>	<u>1,192,989</u>
<b>Non-current liabilities</b>			
Provision for long service payments		118	118
Deferred tax liabilities		904	896
		<u>1,022</u>	<u>1,014</u>
<b>NET ASSETS</b>		<u>1,158,649</u>	<u>1,191,975</u>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital		40,000	40,000
Reserves		1,118,649	1,151,975
<b>TOTAL EQUITY</b>		<u>1,158,649</u>	<u>1,191,975</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

	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 2019 (audited)</b>	40,000	251	44,925	1,235,304	1,320,480
Loss for the period	-	-	-	(28,659)	(28,659)
Other comprehensive income:					
Changes in fair value of equity instruments at fair value through comprehensive income ("FVTOCI")	-	-	(18,281)	-	(18,281)
Total other comprehensive income	-	-	(18,281)	-	(18,281)
Total comprehensive income	-	-	(18,281)	(28,659)	(46,940)
Dividend payable (Note 12)	-	-	-	(4,800)	(4,800)
Fair value reserve transferred to retained profits upon disposal of equity instruments at FVTOCI	-	-	(5,964)	5,964	-
<b>As at 30 September 2019 (unaudited)</b>	<u>40,000</u>	<u>251</u>	<u>20,680</u>	<u>1,207,809</u>	<u>1,268,740</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - Continued  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

	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 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>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

### 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 2020 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 2020. 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 2020.

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 2020, 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 2020.

The financial information relating to the year ended 31 March 2020 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 2020 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 2020.

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	
	2020	2019	2020	2019	2020	2019	2020	2019
(Unaudited)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue								
- external customer	<u>4,316</u>	<u>4,991</u>	<u>6,738</u>	<u>7,966</u>	<u>-</u>	<u>-</u>	<u>11,054</u>	<u>12,957</u>
Segment results before net gains or losses	<u>3,817</u>	<u>4,452</u>	<u>22,513</u>	<u>5,892</u>	<u>37</u>	<u>40</u>	<u>26,367</u>	<u>10,384</u>
Fair value loss on equity instruments at fair value through profit or loss ("FVTPL")	<u>(3,632)</u>	<u>(10,208)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,632)</u>	<u>(10,208)</u>
Fair value loss on investment properties	<u>-</u>	<u>-</u>	<u>(45,200)</u>	<u>(29,745)</u>	<u>-</u>	<u>-</u>	<u>(45,200)</u>	<u>(29,745)</u>
Fair value gain on properties held for or under development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120</u>	<u>-</u>	<u>120</u>
Segment results	<u>185</u>	<u>(5,756)</u>	<u>(22,687)</u>	<u>(23,853)</u>	<u>37</u>	<u>160</u>	<u>(22,465)</u>	<u>(29,449)</u>
Bank interest income							<u>-*</u>	<u>2,682</u>
Finance costs							<u>(259)</u>	<u>(378)</u>
Unallocated corporate expenses							<u>(684)</u>	<u>(769)</u>
<b>Loss before income tax</b>							<u><b>(23,408)</b></u>	<u><b>(27,914)</b></u>

\* Represents amount less than HK\$1,000



## 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 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
<b>Assets</b>								
Segment assets	256,196	144,176	907,335	1,052,237	5,095	5,080	1,168,626	1,201,493
Tax recoverable	-	-	59	25	1	1	60	26
	<u>256,196</u>	<u>144,176</u>	<u>907,394</u>	<u>1,052,262</u>	<u>5,096</u>	<u>5,081</u>	<u>1,168,686</u>	<u>1,201,519</u>
Unallocated corporate assets							20,789	17,088
<b>Total assets</b>							<u>1,189,475</u>	<u>1,218,607</u>
<b>Liabilities</b>								
Segment liabilities	707	237	22,801	23,763	164	146	23,672	24,146
Tax payable and deferred tax liabilities	-	-	1,520	1,231	5	-	1,525	1,231
	<u>707</u>	<u>237</u>	<u>24,321</u>	<u>24,994</u>	<u>169</u>	<u>146</u>	<u>25,197</u>	<u>25,377</u>
Unallocated corporate liabilities							5,629	1,255
<b>Total liabilities</b>							<u>30,826</u>	<u>26,632</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	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Gross rental income from investment properties	6,738	7,966
Dividend income from listed investments		
- Equity instruments at FVTPL	1,418	2,068
- Equity instruments at FVTOCI	1,941	2,635
	3,359	4,703
Gain on disposal of equity instruments at FVTPL	957	288
	<u>11,054</u>	<u>12,957</u>

### 4. OTHER REVENUE

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Bank interest income	-*	2,682
Government subsidies (note)	216	-
Sundry income	17,464	65
	<u>17,680</u>	<u>2,747</u>

\* Represents amount less than HK\$1,000

Note:

The government subsidies represent one-off subsidies under Employment Support Scheme launched by Hong Kong Special Administrative Region Government.

## 5. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Depreciation		
- Owned property, plant and equipment	4	4
- Right-of-use assets including within leasehold land and building	35	35
Interest on bank borrowings	259	378
Loss on disposal of property, plant and equipment	3	-
Provision for expected credit losses on trade and other receivables	49	58
	<u>49</u>	<u>58</u>

## 6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Hong Kong Profits Tax	650	717
Deferred income tax	8	28
	<u>8</u>	<u>28</u>
Income tax expense	<u>658</u>	<u>745</u>

Hong Kong Profits Tax is calculated at the rate of 16.5% (six months ended 30 September 2019: 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 2019: 8.25%) and the remaining assessable profits are tax at 16.5% (six months ended 30 September 2019: 16.5%).

## 7. LOSS PER SHARE

The basic loss per share for the period is calculated by dividing the 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 2019: 40,000,000 shares) during the period. There were no potential dilutive ordinary shares outstanding for both periods ended as at 30 September 2020 and 30 September 2019.

## 8. INVESTMENT PROPERTIES

	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
<b>Fair value</b>		
At the beginning of the period/year	940,000	610,800
Additions	600	414,301
Decrease in fair value recognised in profit or loss	<u>(45,200)</u>	<u>(85,101)</u>
At the end of the period/year	<u>895,400</u>	<u>940,000</u>

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

	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
Short-term lease	21,700	26,000
Medium-term leases	219,300	225,700
Long-leases	<u>654,400</u>	<u>688,300</u>
	<u>895,400</u>	<u>940,000</u>

## 8. INVESTMENT PROPERTIES - Continued

The Group's investment properties were revalued at 30 September 2020 and 31 March 2020, giving rise to an unrealised fair value loss of approximately HK\$45,200,000 (six months ended 30 September 2019: HK\$29,745,000) 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 2020 and 31 March 2020 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\$560,000,000 as at 30 September 2020 (31 March 2020: HK\$586,000,000) represents the investment properties under redevelopment in Hong Kong.

At 30 September 2020, the investment properties with aggregate carrying value of approximately HK\$69,700,000 (31 March 2020: HK\$78,200,000) have been pledged to a bank to secure general bank facilities of the Group.

## 9. EQUITY INSTRUMENTS AT FVTOCI

	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
Listed shares in Hong Kong, at fair value	<u>75,772</u>	<u>81,138</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 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
388	Hong Kong Exchanges and Clearing Limited	Financials	20,451	13,036
2	CLP Holdings Limited	Utilities	14,400	7,150
17	New World Development Co Limited	Properties & Construction	10,920	11,883
1113	CK Assets Holdings Limited	Properties & Construction	6,991	N/A
1398	Industrial and Commercial Bank of China Limited - H share	Financials	4,829	6,378
5	HSBC Holdings Plc	Financials	-	16,855

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 2020, the Group disposed certain equity securities resulting in a transfer of accumulated loss on the equity instruments at FVTOCI of approximately HK\$4,063,000 within equity (six months ended 30 September 2019: accumulated gain on equity investment at FVTOCI of approximately HK\$5,964,000).

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 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
Rental receivables (note)		
- Within 30 days	151	116
- Within 31 days to 60 days	79	87
- Within 61 days to 90 days	65	29
- Over 90 days	22	-
	<u>317</u>	<u>232</u>
Other receivables	197	617
Stamp duty receivables	-	105,575
Deposits and prepayments	212	271
	<u>726</u>	<u>106,695</u>
Less: Provision for expected credit losses	(139)	(90)
Total trade and other receivables, net	<u>587</u>	<u>106,605</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 2020 and 31 March 2020, 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 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
Balance at beginning of the period/year	90	-
Provision	49	90
Balance at end of the period/year	<u>139</u>	<u>90</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 2020 HK\$'000 (Unaudited)	As at 31 March 2020 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	17,510	17,915
	<u>19,132</u>	<u>19,537</u>

Notes:

- (a) As at 30 September 2020, secured bank loans of approximately HK\$19,132,000 (31 March 2020: HK\$19,537,000) 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 2020: 1.55% above HIBOR, or 1.8% below BLR). During the six months ended 30 September 2020, interest on bank borrowings was approximately HK\$259,000 (six months ended 30 September 2019: HK\$378,000).
- (c) As at 30 September 2020 and 31 March 2020, bank borrowings were secured by (i) investment properties amounting to approximately HK\$69,700,000 (31 March 2020: HK\$78,200,000); and (ii) a corporate guarantee amounting to HK\$32,900,000 (31 March 2020: 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 2020 and 31 March 2020, 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	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interim dividend declared after the end of the reporting period of HK\$0.02 (2019: HK\$0.02) per ordinary share	800	800
Interim special dividend declared after the end of the reporting period of HK\$0.03 (2019: Nil) per ordinary share	<u>1,200</u>	<u>-</u>
	<u>2,000</u>	<u>800</u>

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

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

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Final dividend declared and paid of HK\$0.12 (2019: payable of HK\$0.12) per ordinary share	4,800	4,800
Final special dividend declared and paid of HK\$0.15 (2019: Nil) per ordinary share	<u>6,000</u>	<u>-</u>
	<u>10,800</u>	<u>4,800</u>

### 13. CAPITAL COMMITMENTS

	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
<b>Contracted but not provided for:</b>		
Capital expenditure for the redevelopment of the investment properties	13,050	14,360
<b>Authorised but not contracted for:</b>		
Capital expenditure for the redevelopment of the investment properties	<u>40,000</u>	<u>40,000</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 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Recurring fair value measurement</b>				
<b>Financial assets:</b>				
<b>As at 30 September 2020 (unaudited)</b>				
Equity instruments at FVTOCI				
- listed shares in HK	75,772	-	-	75,772
Equity instruments at FVTPL				
- listed shares in HK	52,067	-	-	52,067
	<u>127,839</u>	<u>-</u>	<u>-</u>	<u>127,839</u>
<b>As at 31 March 2020 (audited)</b>				
Equity instruments at FVTOCI				
- listed shares in HK	81,138	-	-	81,138
Equity instruments at FVTPL				
- listed shares in HK	56,224	-	-	56,224
	<u>137,362</u>	<u>-</u>	<u>-</u>	<u>137,362</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 AND SPECIAL DIVIDENDS**

The board has resolved to pay an interim dividend of 2 HK cents per share (2019: 2 HK cents) and an interim special dividend of 3 HK cents per share (2019: Nil), totaling HK\$2,000,000 (2019: HK\$800,000). Such dividend will be paid on or about 8 January 2021 to the shareholders whose names appear on the Register of Members of the Company at the close of business on 18 December 2020.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Wednesday, 16 December 2020 to Friday, 18 December 2020, both days inclusive. To qualify for the interim dividend and interim special 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 4:00 p.m. on Tuesday, 15 December 2020.

## **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 2020 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 confirmed in 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 it adopts prudent management policy. The need for insurance policy will be reviewed from time to time.

## **BUSINESS REVIEW AND PROSPECTS**

### **Business review**

The Group's turnover for the period amounted to approximately HK\$11,054,000, representing a decrease by approximately HK\$1,903,000 (or 14.7%), as compared to the same period in last year.

During the period, the Group recorded a loss of approximately HK\$24,066,000, representing a decrease by approximately HK\$4,593,000 (or 16.0%), as compared to the loss for the same period in last year.

### **Property leasing**

The rental income of the Group was HK\$6,738,000 representing a decrease by approximately HK\$1,228,000 (or 15.4%), as compared to the same period in last year. Given that the property located at Nos. 60-66 Ma Tau Chung Road ("MTC Property") has been in vacant possession since early September 2019 and its demolition work was completed in February 2020, no rental income attributable to MTC Property for the six months ended 30 September 2020 (six months ended 30 September 2019: HK\$725,000). In addition, the continuous rental concession granted to certain tenants in COVID-19 pandemic since March 2020 is another main factor for the decrease in rental income.

During the period under review, the Group successfully applied for refund of buyer's stamp duty and partial refund of ad valorem stamp duty for the property located at No. 66 Ma Tau Chung Road, Kowloon under Stamp Duty Ordinance (Cap 117). The refund of HK\$17,407,000 were recorded in other revenue. Regarding to the redevelopment project on No. 31 Fuk Tsun Street ("FTS Project"), consultancy service on foundation work is underway.

The property market in Hong Kong is full of challenges following COVID-19 pandemic. The Group recorded a fair value loss on investment properties of approximately HK\$45,200,000 during the period (six months ended 30 September 2019: HK\$29,745,000). As at 30 September 2020, the Group's fair value of investment properties was HK\$895,400,000 (31 March 2020: HK\$940,000,000).

### **Property development**

The Group recorded no fair value gain or loss (six months ended 30 September 2019: gain of HK\$120,000) 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 present, the application is still in process.

## Securities investment

Dividend income decreased by approximately HK\$1,344,000 (28.6%) to approximately HK\$3,359,000 as compared to the same period in last year. The decrease was mainly due to the disposal of 754,107 shares in HSBC Holdings plc (stock code: 0005) (“HSBC”) in April 2020.

During the period, the Group recorded a realised gain on disposal of equity instruments at FVTPL of approximately HK\$957,000 (six months ended 30 September 2019: HK\$288,000). The Group also realised a loss of disposal of equity instruments at FVTOCI of approximately HK\$4,063,000 (six months ended 30 September 2019: gain of HK\$5,964,000) which was directly transferred from fair value reserve to retained profits. The loss was mainly derived from the disposal of 381,758 shares in HSBC in April 2020.

During the period under review, the Group recorded an unrealised loss on equity instruments at FVTPL of approximately HK\$3,632,000 (six months ended 30 September 2019: HK\$10,208,000) and unrealised gain on equity instruments at FVTOCI of approximately HK\$1,540,000 (six months ended 30 September 2019: unrealised loss of HK\$18,281,000) which were recorded in statement of profit or loss and other comprehensive income respectively. As at 30 September 2020, the Group’s listed share investment portfolios had an aggregate fair value of approximately HK\$127,839,000 (31 March 2020: HK\$137,362,000).

## Securities investment - Continued

Details of the Group's share investment portfolios as at 30 September 2020 for long-term and trading purpose are set out in Table 1 and Table 2 below, respectively:

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

Stock code	Stock name	Principal business	Investment Costs (HK\$'000)	Fair value at 30.9.2020 (HK'000)	Proportional to total assets of the Group	Fair value gain/(loss) during the period (HK\$'000)	Gain/(loss) on disposal (HK\$'000)	Dividend income (HK\$'000)
1. 388	Hong Kong Exchanges and Clearing Limited	Financials	11,666	20,451	1.7%	7,249	-	210
2. 2	CLP Holdings Limited	Utilities	10,937	14,400	1.2%	(213)	-	189
3. 17	New World Development Co. Ltd.	Properties & Construction	10,472	10,920	0.9%	1,398	751	-
4. 1113	CK Assets Holdings Limited	Properties & Construction	3,598	6,991	0.6%	(860)	-	221
5. 1398	ICBC - H Shares	Financials	6,881	4,829	0.4%	(1,550)	-	311
6. 1	CK Hutchison Holdings Limited	Conglomerates	9,479	4,669	0.4%	(571)	-	292
	Other securities (note(1))		24,705	13,512	1.1%	(3,913)	(4,814)	718
	<b>Total</b>		<b>77,738</b>	<b>75,772</b>	<b>6.3%</b>	<b>1,540</b>	<b>(4,063)</b>	<b>1,941</b>

Note (1): Other securities included eight stocks listed in Hong Kong. Four of which were current constituents of the Hang Seng Index and their principal businesses mainly included conglomerates, financials and energy. The market value for each individual stock was less than 5% of the market value of the Group's share investment portfolio for long-term purpose.

Loss of approximately HK\$4,865,000 from the sale of 381,758 shares in HSBC in April 2020 has been included in loss on disposal of "Other securities".

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 Group's Share Investment Portfolio for Trading Purpose

Stock code	Stock name	Principal business	Investment Costs (HK\$'000)	Fair value at 30.9.2020 (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. 2628	China Life Insurance Co. Ltd. - H Shares	Financials	12,591	11,271	1.0%	805	-	317
2. 914	Anhui Conch Cement Co. Ltd. - H shares	Materials	11,956	11,193	1.0%	(762)	1	-
3. 1398	ICBC - H Shares	Financials	8,388	5,226	0.5%	(1,677)	-	336
4. 3988	Bank of China Limited - H Shares	Financials	6,556	4,243	0.4%	(1,008)	-	333
5. 9988	Alibaba Group - SW	Information Technology	3,978	4,134	0.3%	156	46	-
6. 1044	Hengan International Group Co. Ltd.	Consumer Staples	4,345	3,938	0.3%	(407)	130	94
7. 386	China Petroleum & Chemicals Corporation - H Shares	Energy	6,789	2,954	0.2%	(674)	-	177
8. 17	New World Development Co. Ltd.	Properties & Construction	3,170	2,817	0.2%	311	176	-
	Other securities (note (1))		6,891	6,291	0.5%	(376)	604	161
	<b>Total</b>		<b>64,664</b>	<b>52,067</b>	<b>4.4%</b>	<b>(3,632)</b>	<b>957</b>	<b>1,418</b>

Note (1): Other securities included nine stock listed in Hong Kong. Two of which were current constituent of the Hang Seng Index and their principal businesses were properties and construction. The market value for each individual stock was less than 5% of the market value of the Group's share investment portfolio for trading purpose.

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 2020, the Group's total bank borrowings were approximately HK\$19,132,000, which were wholly repayable within 5 years (31 March 2020: HK\$19,537,000). 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 1.6%. 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 2020 was to approximately HK\$158,989,000 (31 March 2020: HK\$27,979,000). As at 30 September 2020, the Group's outstanding capital commitments for property redevelopment projects, which were contracted for but not accounted for, were HK\$13,050,000. The period under review and upcoming few years are viewed as capital expenditure years in the Group's business cycle. 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.

## **Assets pledged**

As at 30 September 2020, the investment properties of the Group with an aggregate carrying value of HK\$69,700,000 (31 March 2020: HK\$78,200,000) were pledged to a bank to secure general banking facilities granted to the Group.

## Prospects

Since Hong Kong social unrest in second half of 2019 and lingering COVID-19 pandemic, Hong Kong and many other countries have been experiencing in a difficult time. Due to implementation of precautionary measures by the Government of each country/city such as lockdown and quarantine policies, most businesses have been severely affected. Unemployment rate has continuously increased. The consumption sentiment and pattern have changed, which indirectly affects the Group's business. Rental concessions have been granted to certain tenants by the Group amid the COVID-19 pandemic. 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 the vacancy rates. The Group expects that there will be a further downward pressure on both rental income and property price in the short run.

Beside of COVID-19 pandemic, political tension between China and US has become major barrier to the local and global economic recovery. The management expects the securities market to remain volatile and dividend yield of share investment will be reduced in the short run. 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 2020 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, 27 November 2020**

*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.*