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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 2022**

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 2022 together with comparative figures for the year ended 31 March 2021. 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 2022**

	Notes	2022 HK\$	2021 HK\$
Revenue	4	18,910,935	20,847,668
Other revenue and losses, net	5	(22,657,865)	11,775,975
Fair value gain/(loss) on investment properties		25,700,000	(28,100,000)
Administrative and general expenses		(6,866,012)	(6,442,745)
Finance costs		(304,977)	(428,236)
Profit/(loss) before income tax	6	14,782,081	(2,347,338)
Income tax expense	7	(1,297,517)	(1,323,730)
Profit/(loss) for the year attributable to the owners of the Company		<u>13,484,564</u>	<u>(3,671,068)</u>
Other comprehensive income:			
<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		(7,053,174)	15,001,815
Other comprehensive income for the year		<u>(7,053,174)</u>	<u>15,001,815</u>
Total comprehensive income for the year attributable to the owners of the Company		<u>6,431,390</u>	<u>11,330,747</u>
Earnings/(loss) per share (Basic and diluted)	8	<u>0.34</u>	<u>(0.09)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Notes	2022 HK\$	2021 HK\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		1,403,948	1,481,321
Investment properties	9	944,200,000	918,500,000
Properties held for or under development		5,550,000	5,110,000
Equity instruments at fair value through other comprehensive income	10	<u>70,315,381</u>	<u>95,261,855</u>
		<u>1,021,469,329</u>	<u>1,020,353,176</u>
Current assets			
Equity instruments at fair value through profit or loss		72,546,728	88,429,879
Trade and other receivables	11	527,782	1,170,913
Tax recoverable		99,719	67,723
Cash and bank balances		<u>120,634,252</u>	<u>108,290,663</u>
		<u>193,808,481</u>	<u>197,959,178</u>
Current liabilities			
Other payables		4,799,722	7,635,412
Bank borrowings - secured	12	17,916,315	18,726,903
Tax payable		<u>43,729</u>	<u>350,299</u>
		<u>22,759,766</u>	<u>26,712,614</u>
Net current assets		<u>171,048,715</u>	<u>171,246,564</u>
Total assets less current liabilities		1,192,518,044	1,191,599,740
Non-current liabilities			
Provision for long service payments		118,000	118,000
Deferred tax liabilities		<u>969,391</u>	<u>931,248</u>
		<u>1,087,391</u>	<u>1,049,248</u>
NET ASSETS		<u><u>1,191,430,653</u></u>	<u><u>1,190,550,492</u></u>
EQUITY			
Capital and reserves			
Share capital	13	40,000,000	40,000,000
Reserves		<u>1,151,430,653</u>	<u>1,150,550,492</u>
TOTAL EQUITY		<u><u>1,191,430,653</u></u>	<u><u>1,190,550,492</u></u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Share capital HK\$	Capital reserve* HK\$	Fair value reserve* HK\$	Retained profits* HK\$	Total HK\$
At 1 April 2020	40,000,000	251,046	2,926,184	1,148,798,045	1,191,975,275
Loss for the year	-	-	-	(3,671,068)	(3,671,068)
Other comprehensive income:					
Changes in fair value of equity instruments at fair value through other comprehensive income (“FVTOCI”)	-	-	15,001,815	-	15,001,815
Total other comprehensive income	-	-	15,001,815	-	15,001,815
Total comprehensive income	-	-	15,001,815	(3,671,068)	11,330,747
Fair value reserve transferred to retained profits upon disposal of equity instruments at FVTOCI	-	-	4,062,468	(4,062,468)	-
Dividends approved, net of unclaimed dividend forfeited, in respect of the previous year (Note 14)	-	-	-	(10,755,530)	(10,755,530)
Dividends declared in respect of the current year (Note 14)	-	-	-	(2,000,000)	(2,000,000)
At 31 March 2021 and 1 April 2021	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 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)
At 31 March 2022	<u>40,000,000</u>	<u>251,046</u>	<u>6,717,752</u>	<u>1,144,461,855</u>	<u>1,191,430,653</u>

* These reserve accounts comprise the consolidated reserves of approximately HK\$1,151,430,653 in the consolidated statement of financial position as at 31 March 2022 (2021: HK\$1,150,550,492).

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 2022 and 2021 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 2021 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 2022 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 2022 and 2021. 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 HKFRSs

2.1 Adoption of new or revised HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (“the new HKFRSs”) issued by the HKICPA, which are relevant to and effective for the Group’s consolidated financial statements for the annual period beginning on 1 April 2021:

Amendment to HKFRS 16	COVID-19-Related Rent Concessions
Amendment to HKFRS 16	COVID-19-Related Rent Concessions Beyond 30 June 2021
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2

The impact of the adoption of amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 Interest Rate Benchmark Reform - Phase 2 have been summarised in below. The other new or amended HKFRSs that are effective from 1 April 2021 did not have any significant impact on the Group’s accounting policies, results and financial position.

2. ADOPTION OF HKFRSs - Continued

2.1 Adoption of new or revised HKFRSs - Continued

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 - Interest Rate Benchmark Reform - Phase 2

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates (the “IBOR reform”). The amendments do not have an impact on the Group’s consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank borrowings measured at amortised cost.

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

The following new or revised 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.

HKFRS 17	Insurance Contracts ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 1, HKFRS 9 and HKFRS 16 & HKAS 41	Annual Improvements to HKFRSs 2018-2020 Cycle ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ³
Amendments to HKAS 1	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract ¹
HK Interpretation 5 (2020)	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³

1 Effective for annual periods beginning on or after 1 January 2022

2 Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022

3 Effective for annual periods beginning on or after 1 January 2023

4 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.

The directors of the Company anticipate that the application of these new standards, amendments and improvement to HKFRSs and interpretations will have no material impact on the Group’s accounting policies.

2. ADOPTION OF HKFRSs - Continued

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

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020)

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- Specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of reporting period. Specifically, the amendments clarify that:
 - (i) The classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
 - (ii) If the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not meet compliance until a later date; and
- Clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

In addition, Hong Kong Interpretation was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 March 2022, the application of the amendments will not result in reclassification of the Group's liabilities.

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	
	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$
Segment revenue								
- external customer	<u>5,962,520</u>	<u>7,508,371</u>	<u>12,948,415</u>	<u>13,339,297</u>	<u>-</u>	<u>-</u>	<u>18,910,935</u>	<u>20,847,668</u>
Segment results before net gains or losses	4,551,086	6,283,958	9,020,272	27,332,462	(22,700)	40,167	13,548,658	33,656,587
Fair value loss on equity instruments at FVTPL	(23,122,030)	(6,091,990)	-	-	-	-	(23,122,030)	(6,091,990)
Fair value gain/(loss) on investment properties	-	-	25,700,000	(28,100,000)	-	-	25,700,000	(28,100,000)
Fair value gain on properties held for or under development	-	-	-	-	440,000	30,000	440,000	30,000
Segment results	<u>(18,570,944)</u>	<u>191,968</u>	<u>34,720,272</u>	<u>(767,538)</u>	<u>417,300</u>	<u>70,167</u>	<u>16,566,628</u>	<u>(505,403)</u>
Bank interest income							165	165
Finance costs							(304,977)	(428,236)
Unallocated corporate expenses							<u>(1,479,735)</u>	<u>(1,413,864)</u>
Profit/(loss) before income tax							<u>14,782,081</u>	<u>(2,347,338)</u>

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:

	2022 HK\$	2021 HK\$
Customer A	4,889,188	4,923,600
Customer B	<u>2,808,000</u>	<u>2,579,238</u>

For the years ended 31 March 2022 and 2021, 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	
	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$
Assets								
Segment assets	226,447,128	262,927,043	966,040,043	933,077,048	5,550,000	5,110,000	1,198,037,171	1,201,114,091
Tax recoverable	-	-	93,603	66,839	6,116	884	99,719	67,723
	<u>226,447,128</u>	<u>262,927,043</u>	<u>966,133,646</u>	<u>933,143,887</u>	<u>5,556,116</u>	<u>5,110,884</u>	<u>1,198,136,890</u>	<u>1,201,181,814</u>
Unallocated corporate assets							17,140,920	17,130,540
Total assets							<u>1,215,277,810</u>	<u>1,218,312,354</u>
Liabilities								
Segment liabilities	248,480	245,840	21,121,123	24,812,388	102,508	101,508	21,472,111	25,159,736
Tax payable and deferred tax liabilities	-	-	1,013,120	1,275,641	-	5,906	1,013,120	1,281,547
	<u>248,480</u>	<u>245,840</u>	<u>22,134,243</u>	<u>26,088,029</u>	<u>102,508</u>	<u>107,414</u>	<u>22,485,231</u>	<u>26,441,283</u>
Unallocated corporate liabilities							1,361,926	1,320,579
Total liabilities							<u>23,847,157</u>	<u>27,761,862</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	
	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$
Capital expenditure	-	-	-	6,606,660	-	6,606,660
Purchase of equity instruments at FVTOCI	-	18,365,158	-	-	-	18,365,158
Loss on disposal of property, plant and equipment	-	-	-	2,571	-	2,571
Depreciation	817	920	76,556	77,232	77,373	78,152
Provision for expected credit losses on trade and other receivables	-	-	75,500	105,945	75,500	105,945
Fair value (loss)/gain on equity instruments at FVTOCI	(7,053,174)	15,001,815	-	-	(7,053,174)	15,001,815
Gain/(loss) on disposal of equity instruments at FVTOCI transferred from fair value reserve to retained profits	<u>8,219,541</u>	<u>(4,062,468)</u>	<u>-</u>	<u>-</u>	<u>8,219,541</u>	<u>(4,062,468)</u>

4. REVENUE

	2022 HK\$	2021 HK\$
Gross rental income from investment properties	12,948,415	13,339,297
Dividend income from listed investments		
- Equity instruments at FVTPL	3,421,890	1,639,374
- Equity instruments at FVTOCI		
- related to investments derecognised during the year	70,015	-
- related to investments held at the end of the reporting period	2,878,487	3,238,517
(Loss)/gain on disposal of equity instruments at FVTPL	<u>(407,872)</u>	<u>2,630,480</u>
	<u>18,910,935</u>	<u>20,847,668</u>

5. OTHER REVENUE AND LOSSES, NET

	2022 HK\$	2021 HK\$
Bank interest income	165	165
Fair value loss on equity instruments at FVTPL	(23,122,030)	(6,091,990)
Fair value gain on properties held for or under development	440,000	30,000
Government subsidies (Note (i))	-	324,000
Sundry income (Note (ii))	<u>24,000</u>	<u>17,513,800</u>
	<u>(22,657,865)</u>	<u>11,775,975</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.
- (ii) Sundry income for the year ended 31 March 2021 mainly represented a one-off refund of stamp duty.

6. PROFIT/(LOSS) BEFORE INCOME TAX

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

	2022 HK\$	2021 HK\$
Auditors' remuneration		
- audit services	370,000	360,000
- non-audit services	107,000	100,000
Depreciation	77,373	78,152
Direct operating expenses in respect of investment properties		
- that generated rental income	479,601	429,060
- that did not generate rental income	254,669	73,519
Interest on bank borrowings	304,977	428,236
Loss on disposal of property, plant and equipment	-	2,571
Provision for expected credit losses on trade and other receivables	75,500	105,945

7. INCOME TAX EXPENSE

	2022 HK\$	2021 HK\$
Current income tax - Hong Kong Profits tax	1,311,000	1,367,000
Over provision in prior years	(51,626)	(78,599)
	1,259,374	1,288,401
Deferred income tax	38,143	35,329
Income tax expense	1,297,517	1,323,730

Hong Kong Profits tax is calculated at the rate of 16.5% (2021: 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% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%).

8. EARNINGS/(LOSS) PER SHARE

The basic earnings/(loss) per share for the year 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 (2021: 40,000,000) during the year. There were no dilutive potential ordinary share outstanding for both years.

9. INVESTMENT PROPERTIES

	2022 HK\$	2021 HK\$
Fair value		
At the beginning of year (level 3 recurring fair value)	918,500,000	940,000,000
Additions	-	6,600,000
Increase/(decrease) in fair value recognised in profit or loss	<u>25,700,000</u>	<u>(28,100,000)</u>
At the end of year (level 3 recurring fair value)	<u>944,200,000</u>	<u>918,500,000</u>

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

	2022 HK\$	2021 HK\$
Short-term lease	17,500,000	19,500,000
Medium-term leases	232,300,000	224,600,000
Long-term leases	<u>694,400,000</u>	<u>674,400,000</u>
	<u>944,200,000</u>	<u>918,500,000</u>

Lease payments may be varied periodically to reflect market rentals.

The investment properties were revalued on 31 March 2022 and 31 March 2021 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\$600,000,000 (2021: HK\$580,000,000) as at 31 March 2022 represents the investment properties under redevelopment in Hong Kong.

At 31 March 2022, the investment properties with aggregate carrying value of approximately HK\$65,500,000 (2021: HK\$67,500,000) have been pledged to a bank to secure general bank facilities of the Group.

10. EQUITY INSTRUMENTS AT FVTOCI

	2022 HK\$	2021 HK\$
Listed shares in Hong Kong, at fair value and classified as non-current assets		
At the beginning of the year	95,261,855	81,137,972
Additions	-	18,365,158
Disposals	(17,893,300)	(19,243,090)
(Decrease)/increase in fair value	<u>(7,053,174)</u>	<u>15,001,815</u>
At the end of the year	<u>70,315,381</u>	<u>95,261,855</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	2022 HK\$'000	2021 HK\$'000
388	Hong Kong Exchanges and Clearing Limited	Financials	17,280	25,855
2	CLP Holdings Limited	Utilities	15,270	15,100
1113	CK Asset Holdings Limited	Properties & Construction	7,797	8,741
1398	Industrial and Commercial Bank of China Limited - H Shares	Financials	5,778	6,703
1	CK Hutchison Holdings Limited	Conglomerate	5,766	6,207
17	New World Development Co Limited	Properties & Construction	<u>N/A</u>	<u>11,706</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\$17,893,300 (2021: HK\$19,243,090), resulting in a transfer of accumulated profit on the equity instruments at FVTOCI of approximately HK\$8,219,541 (2021: accumulated loss on the equity instruments at FVTOCI of approximately HK\$4,062,468) 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

	2022 HK\$	2021 HK\$
Rental receivables (note)		
- Within 30 days	104,371	119,500
- Within 31 days to 60 days	88,500	94,532
- Within 61 days to 90 days	69,000	43,000
- Within 91 days to 120 days	55,500	-
	<u>317,371</u>	<u>257,032</u>
Other receivables	85,868	737,041
Deposits and prepayments	304,543	281,340
	<u>707,782</u>	<u>1,275,413</u>
Less: Provision for expected credit losses	<u>(180,000)</u>	<u>(104,500)</u>
Total trade and other receivables, net	<u><u>527,782</u></u>	<u><u>1,170,913</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 2022 and 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.

Movements on the provision for expected credit losses as follows:

	2022 HK\$	2021 HK\$
Balance at beginning of the year	104,500	90,032
Provision	75,500	105,945
Write off	-	(91,477)
	<u>180,000</u>	<u>104,500</u>

12. BANK BORROWINGS - SECURED

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

	2022 HK\$	2021 HK\$
Current liabilities		
- Within one year	810,588	810,588
- After one year but not exceeding two years	810,588	810,588
- After two years but not exceeding five years	<u>16,295,139</u>	<u>17,105,727</u>
	<u>17,916,315</u>	<u>18,726,903</u>

Notes:

- (a) As at 31 March 2022, secured bank loans of approximately HK\$17,916,000 (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 (2021: 1.55% above HIBOR, or 1.8% below BLR). During the year, the finance costs on bank borrowings were HK\$304,977 (2021: HK\$428,236).
- (c) As at 31 March 2022 and 2021, the Group's bank borrowings were secured by (i) investment properties amounting to approximately HK\$65,500,000 (2021: HK\$67,500,000) and (ii) a corporate guarantee amounting to HK\$32,900,000 (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 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 2022 and 2021, 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\$
Issued and fully paid:	
At 1 April 2020, 31 March 2021 and 31 March 2022	
- 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:

	2022 HK\$	2021 HK\$
Interim dividend declared and paid of HK\$0.02 (2021: HK\$0.02) per ordinary share	800,000	800,000
Interim special dividend declared and paid of HK\$Nil (2021: HK\$0.03) per ordinary share	-	1,200,000
Final dividend proposed after the end of the reporting period of HK\$0.12 (2021: HK\$0.12) per ordinary share	<u>4,800,000</u>	<u>4,800,000</u>
	<u>5,600,000</u>	<u>6,800,000</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:

	2022 HK\$	2021 HK\$
Final dividend for the year ended 31 March 2021 of HK\$0.12 (2020: HK\$0.12) per ordinary share	4,800,000	4,800,000
Final special dividend for the year ended 31 March 2021 of HK\$Nil (2020: HK\$0.15) per ordinary share	<u>-</u>	<u>6,000,000</u>
	4,800,000	10,800,000
Unclaimed dividend forfeited*	<u>(48,771)</u>	<u>(44,470)</u>
	<u>4,751,229</u>	<u>10,755,530</u>

* 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.

Pursuant to Article 145 of the Articles of Association of the company, on 30 March 2021 the board of directors resolved that the dividends for the financial years 2013/14 to 2014/15 amounting to HK\$44,470 payable on or before 9 January 2015 remained unclaimed on 30 March 2021 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:

	2022 HK\$	2021 HK\$
Contracted but not provided for:		
Capital expenditure for the redevelopment of the investment properties	<u>13,050,000</u>	<u>13,050,000</u>
Authorised but not contracted for:		
Capital expenditure for the redevelopment of the investment properties	<u>54,000,000</u>	<u>54,000,000</u>

DIVIDENDS

In January 2022, the Company paid an interim dividend of 2 HK cents per share (2021: an interim dividend of 2 HK cents per share and an interim special dividend of 3 HK cents per share), totaling HK\$800,000 (2021: HK\$2,000,000).

The board will propose in the Annual General Meeting to be held on 9 September 2022 the payment of a final dividend of 12 HK cents per share (2021: final dividend of 12 HK cents per share) in respect of the year ended 31 March 2022, absorbing a total amount of HK\$4,800,000 (2021: HK\$4,800,000). It is proposed that the dividend cheque will be dispatched on or about 29 September 2022 to the shareholders whose names are on the Register of Members on 20 September 2022.

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 Friday, 2 September 2022 to Friday, 9 September 2022, 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 Thursday, 1 September 2022.

The register of members of the Company will also be closed from Monday, 19 September 2022 to Tuesday, 20 September 2022, 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 2022. 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 Friday, 16 September 2022.

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 2022 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;
2. 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;
3. Directors appointed to fill casual vacancy are not subject to re-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
4. 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 decreased by approximately HK\$1,937,000 (or 9.3%), to approximately HK\$18,911,000, as compared to the preceding year. The Group recorded a profit of approximately HK\$13,485,000, which was a substantial improvement by approximately HK\$17,156,000, as compared to the loss of approximately HK\$3,671,000 in the preceding year. Such improvement was mainly due to fair value gain on investment properties during the year ended 31 March 2022.

Property leasing

The rental income of the Group was approximately HK\$12,948,000, representing a decrease of approximately HK\$391,000 (or 2.9%), as compared to the preceding year. The decrease was mainly due to continuous rental concessions granted to certain tenants in the 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 the preceding year, and recurring valuation gain or loss of investment properties, the leasing segment recorded a profit of approximately HK\$9,020,000, representing a decrease of approximately HK\$905,000 (or 9.1%), as compared to approximately HK\$9,925,000 in the preceding year.

Regarding the redevelopment project on No. 31 Fuk Tsun Street (“FTS Project”), site investigation was completed during the year under review. During the year under review, the spread of COVID-19 has brought many logistical barriers, resulting in the delay in delivery and a substantial increase in cost of construction material in general. After taking into account the unstable geopolitical factors, the current economic environment, logistical barriers and possible lockdown as a result of future variants of coronavirus etc., the management has suspended the consultancy service on other foundation work. The management will closely monitor the changes in the economic environment and geopolitics and will recommence the FTS Project when the management considers it is in the best interest of the Group as a whole.

The Group recorded a fair value gain on investment properties of approximately HK\$25,700,000 (2021: loss of HK\$28,100,000) during the year under review. As at 31 March 2022, the Group’s investment properties portfolio amounted to HK\$944,200,000 (2021: HK\$918,500,000).

Property development

For the year ended 31 March 2022, the Group recorded a fair value gain of HK\$440,000 (2021: HK30,000) 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 increased by approximately HK\$1,493,000 (or 30.6%) to HK\$6,370,000, as compared to the preceding year.

During the year under review, the Group recorded a realised loss on disposal of equity instruments at FVTPL of approximately HK\$408,000 (2021: gain of approximately HK\$2,630,000). The Group also realised a gain of disposal on equity instruments at fair value through other comprehensive income (“equity instruments at FVTOCI”) of approximately HK\$8,220,000 (2021: loss of approximately HK\$4,062,000), 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: 17) and The Hong Kong Exchanges and Clearing Limited (Stock code: 388).

During the year under review, the Group recorded an unrealised loss on equity instruments at FVTPL of approximately HK\$23,122,000 (2021: HK\$6,092,000) and unrealised loss on equity instruments at FVTOCI of HK\$7,053,000 (2021: unrealised gain of approximately HK\$15,002,000) which were recorded in the consolidated statement of profit or loss and other comprehensive income respectively. As at 31 March 2022, the Group’s listed share investment portfolios had an aggregate fair value of approximately HK\$142,862,000 (2021: HK\$183,692,000).

Share investments and dividend income - Continued

Details of the top five of the Group's share investment portfolios as at 31 March 2022 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 31.3.2022 (HK'000)	Proportional to total assets of the Group	Fair value gain/(loss) during the year (HK\$'000)	Gain/ (loss) on disposal (HK\$'000)	Dividend income (HK\$'000)
1. 388	Hong Kong Exchanges and Clearing Limited	Financials	9,602	17,280	1.4%	(3,277)	3,406	413
2. 2	CLP Holdings Limited	Utilities	10,937	15,270	1.3%	170	-	620
3. 1113	CK Asset Holdings Limited	Properties & Construction	2,821	7,797	0.6%	1,186	1,353	330
4. 1398	Industrial and Commercial Bank of China Limited ("ICBC") - H Shares	Financials	6,881	5,778	0.5%	(925)	-	346
5. 1	CK Hutchison Holdings Limited	Conglomerates	9,479	5,766	0.5%	(441)	-	250
	Other securities (note (1))		31,167	18,424	1.5%	(3,766)	3,461	990
	Total		70,887	70,315	5.8%	(7,053)	8,220	2,949

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, information technology, properties and construction.

Gain of approximately HK\$3,447,000 included in "Other Securities" mainly derived from the disposal of New World Development Company Limited (Stock code: 17).

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 31.3.2022 (HK'000)	Proportional to total assets of the Group	Fair value gain/(loss) during the year (HK\$'000)	Gain/(loss) on disposal (HK\$'000)	Dividend income (HK\$'000)
1. 9988	Alibaba Group Holding Limited - SW	Information technology	22,450	11,771	1.0%	(8,267)	(807)	-
2. 2628	China Life Insurance Company Limited - H Shares	Financials	15,710	10,114	0.8%	(3,377)	-	581
3. 914	Anhui Conch Cement Company Limited - H Shares	Materials	12,274	8,866	0.7%	(2,255)	(205)	600
4. 1398	ICBC - H Shares	Financials	8,388	6,253	0.5%	(1,001)	-	374
5. 3988	Bank of China Limited - H Shares	Financials	6,556	5,569	0.5%	336	-	378
	Other securities (note (1))		44,178	29,974	2.5%	(8,558)	604	1,489
	Total		109,556	72,547	6.0%	(23,122)	(408)	3,422

Note (1): Other securities included 20 stocks listed in Hong Kong, six of which were current constituents of the Hang Seng Index and their principal businesses are financials, properties and construction, energy, consumer staples and automobile.

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 2022, the Group's total bank borrowings were approximately HK\$17,916,000, all of which were wholly repayable within five years (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, 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 2022 amounted to approximately HK\$120,634,000 (2021: HK\$108,291,000). 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 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 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 2022 and 2021.

Assets pledged

As at 31 March 2022, the Group's investment properties with an aggregate carrying value of HK\$65,500,000 (2021: HK\$67,500,000) 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 2022 and 2021.

PROSPECTS

The COVID-19 pandemic continues to dominate the global economic outlook. The tightening anti-epidemic measures such as lockdown, social distancing and Vaccine Pass arrangement have been adopted by the Hong Kong Government, which have limited local economic activities and brought many challenges to our business. Temporary rental concessions have been granted to certain tenants by the Group, based on their business nature, since the outbreak of the COVID-19. The Group will closely monitor the business environment, market sentiment and precautionary measures in order to make appropriate adjustments to its rental policy. The Group expects the rental income will remain under downward pressure due to possible new waves of COVID-19 cases in the future.

The recent increase in interest rate has led to strong US dollars and an outflow of Hong Kong Dollars, which is unfavourable to the securities market in Hong Kong. In addition, the political tension between mainland China and the United States has brought a barrier to the global economic recovery. The Group will closely monitor any market and political changes and make appropriate strategic adjustments to assets portfolios in order to safeguard the assets of the Group and consequential return to its shareholders.

PROSPECTS - Continued

Looking ahead, as the COVID-19 epidemic shows signs of stabilizing, it is expected the Hong Kong Government will gradually relax epidemic prevention measures (including those applicable on a domestic level and to inbound travellers), provided that daily local infection rate continues to subside without any sign of rebound. Thus, the Company remains optimistic that both domestic and foreign economic activities would resume to normal in the medium term.

By Order of the Board

Ng Tai Wai
Chairman

Hong Kong, 29 June 2022

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.