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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)

2023/24 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 2023.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

		Six months ended 30 September	
	Notes	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	3	11,815	12,089
Other revenue and gains	4	1,372	272
Fair value loss on equity instruments at fair value through profit or loss		(9,776)	(17,692)
Fair value loss on investment properties		(30,000)	(20,700)
Administrative and general expenses		(3,555)	(3,112)
Finance costs		<u>(337)</u>	<u>(204)</u>
Loss before income tax	5	(30,481)	(29,347)
Income tax expense	6	<u>(626)</u>	<u>(573)</u>
Loss for the period attributable to the owners of the Company		<u>(31,107)</u>	<u>(29,920)</u>
Loss per share (Basic and diluted) (HK cents)	7	<u>(77.8)</u>	<u>(74.8)</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period	<u>(31,107)</u>	<u>(29,920)</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	<u>(6,475)</u>	<u>(14,807)</u>
Other comprehensive income for the period	<u>(6,475)</u>	<u>(14,807)</u>
Total comprehensive income for the period attributable to owners of the Company	<u><u>(37,582)</u></u>	<u><u>(44,727)</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023**

	Notes	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		1,325	1,365
Investment properties	8	872,600	902,600
Properties held for or under development		5,550	5,550
Equity instruments at fair value through other comprehensive income	9	53,744	62,367
		<u>933,219</u>	<u>971,882</u>
Current assets			
Equity instruments at fair value through profit or loss		49,673	59,266
Trade and other receivables	10	1,023	586
Tax recoverable		28	38
Cash and bank balances		142,689	134,256
		<u>193,413</u>	<u>194,146</u>
Current liabilities			
Other payables		5,715	4,223
Bank borrowings - secured	11	16,700	17,106
Provision for long service payments		24	24
Tax payable		589	289
		<u>23,028</u>	<u>21,642</u>
Net current assets		<u>170,385</u>	<u>172,504</u>
Total assets less current liabilities		<u>1,103,604</u>	<u>1,144,386</u>
Non-current liabilities			
Provision for long service payments		94	94
Rental deposits received		1,812	208
Deferred tax liabilities		1,038	1,042
		<u>2,944</u>	<u>1,344</u>
NET ASSETS		<u>1,100,660</u>	<u>1,143,042</u>
EQUITY			
Capital and reserves			
Share capital		40,000	40,000
Reserves		1,060,660	1,103,042
TOTAL EQUITY		<u>1,100,660</u>	<u>1,143,042</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

	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
As at 1 April 2022 (audited)	40,000	251	6,718	1,144,462	1,191,431
Loss for the period	-	-	-	(29,920)	(29,920)
Other comprehensive income:					
Changes in fair value of equity instruments at fair value through other comprehensive income ("FVTOCI")	-	-	(14,807)	-	(14,807)
Total other comprehensive income	-	-	(14,807)	-	(14,807)
Total comprehensive income	-	-	(14,807)	(29,920)	(44,727)
Dividend paid (Note 12)	-	-	-	(4,800)	(4,800)
Fair value reserve transferred to retained profits upon disposal of equity instruments at FVTOCI	-	-	(552)	552	-
As at 30 September 2022 (unaudited)	40,000	251	(8,641)	1,110,294	1,141,904

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - Continued
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

	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
As at 1 April 2023 (audited)	40,000	251	(745)	1,103,536	1,143,042
Loss for the period	-	-	-	(31,107)	(31,107)
Other comprehensive income:					
Changes in fair value of equity instruments at FVTOCI	-	-	(6,475)	-	(6,475)
Total other comprehensive income	-	-	(6,475)	-	(6,475)
Total comprehensive income	-	-	(6,475)	(31,107)	(37,582)
Dividend paid (Note 12)	-	-	-	(4,800)	(4,800)
Fair value reserve transferred to retained profits upon disposal of equity instruments at FVTOCI	-	-	(234)	234	-
As at 30 September 2023 (unaudited)	40,000	251	(7,454)	1,067,863	1,100,660

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

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 2023 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 2023. 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 2023.

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 2023, 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 2023.

The financial information relating to the year ended 31 March 2023 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 2023 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 for the year ended 31 March 2023. 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 2023.

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.

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES - Continued

New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Government of the Hong Kong SAR (the “Government”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”), which will eventually abolish the statutory right of an employer to reduce its long service payment (“LSP”) and severance payment payable to a Hong Kong employee by drawing on its mandatory contributions to the mandatory provident fund (“MPF”) scheme (also known as the “offsetting mechanism”). The Government has subsequently announced that the Amendment Ordinance will come into effect from 1 May 2025 (the “Transition Date”). Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee’s service from the Transition Date. However, where an employee’s employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee’s service up to that date; in addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

The management has commenced the processes on implementing the change including additional data collection and impact assessment. However, the impact of the change is not reasonably estimable at the time this interim financial report is authorised for issue, as the Group has yet to fully complete its assessment of the impact of the HKICPA guidance.

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		Six months ended		Six months ended		Six months ended	
	30 September		30 September		30 September		30 September	
	2023	2022	2023	2022	2023	2022	2023	2022
(Unaudited)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue								
- external customer	<u>4,602</u>	<u>5,772</u>	<u>7,213</u>	<u>6,317</u>	<u>-</u>	<u>-</u>	<u>11,815</u>	<u>12,089</u>
Segment results before net gains								
or losses	3,971	5,217	5,295	4,763	(13)	(7)	9,253	9,973
Fair value loss on equity								
instruments at fair value								
through profit or loss								
("FVTPL")	(9,776)	(17,692)	-	-	-	-	(9,776)	(17,692)
Fair value loss on investment								
properties	-	-	(30,000)	(20,700)	-	-	(30,000)	(20,700)
Fair value loss on properties held								
for or under development	-	-	-	-	(90)	-	(90)	-
Segment results	<u>(5,805)</u>	<u>(12,475)</u>	<u>(24,705)</u>	<u>(15,937)</u>	<u>(103)</u>	<u>(7)</u>	<u>(30,613)</u>	<u>(28,419)</u>
Bank interest income							1,450	116
Finance costs							(337)	(204)
Unallocated corporate expenses							(981)	(840)
Loss before income tax							<u>(30,481)</u>	<u>(29,347)</u>

2. SEGMENT INFORMATION - Continued

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

	Securities investment		Property leasing		Property development		Consolidated total	
	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Assets								
Segment assets	124,898	146,267	890,714	915,712	5,550	5,550	1,021,162	1,067,529
Tax recoverable	-	-	28	32	-	6	28	38
	<u>124,898</u>	<u>146,267</u>	<u>890,742</u>	<u>915,744</u>	<u>5,550</u>	<u>5,556</u>	<u>1,021,190</u>	<u>1,067,567</u>
Unallocated corporate assets							105,442	98,461
Total assets							<u>1,126,632</u>	<u>1,166,028</u>
Liabilities								
Segment liabilities	238	278	20,014	19,831	122	104	20,374	20,213
Tax payable and deferred tax liabilities	-	-	1,627	1,331	-	-	1,627	1,331
	<u>238</u>	<u>278</u>	<u>21,641</u>	<u>21,162</u>	<u>122</u>	<u>104</u>	<u>22,001</u>	<u>21,544</u>
Unallocated corporate liabilities							3,971	1,442
Total liabilities							<u>25,972</u>	<u>22,986</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	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Gross rental income from investment properties	7,213	6,317
Dividend income from listed investments		
- Equity instruments at FVTPL	2,404	3,296
- Equity instruments at FVTOCI	2,198	2,476
	<u>4,602</u>	<u>5,772</u>
	<u>11,815</u>	<u>12,089</u>

4. OTHER REVENUE AND GAINS

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Fair value loss on properties held for or under development	(90)	-
Government subsidies (Note)	-	144
Bank interest income	1,450	116
Sundry income	12	12
	<u>1,372</u>	<u>272</u>

Note:

The Government subsidies for the six months ended 30 September 2022 represent one-off subsidies under Employment Support Scheme launched by Hong Kong Special Administrative Region Government. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

5. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation	40	40
Interest on bank borrowings	337	204
Loss on disposal of property, plant and equipment	-	19
Provision for expected credit losses on trade and other receivables	23	5
	<u>23</u>	<u>5</u>

6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax	630	546
Deferred income tax	(4)	27
	<u>626</u>	<u>573</u>

Hong Kong Profits Tax is calculated at the rate of 16.5% (six months ended 30 September 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 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 2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (six months ended 30 September 2022: 16.5%).

7. LOSS PER SHARE

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 2022: 40,000,000) during the period. There were no potential dilutive ordinary shares outstanding for both periods ended as at 30 September 2023 and 2022.

8. INVESTMENT PROPERTIES

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Fair value		
At the beginning of the period/year	902,600	944,200
Decrease in fair value recognised in profit or loss	<u>(30,000)</u>	<u>(41,600)</u>
At the end of the period/year	<u>872,600</u>	<u>902,600</u>

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

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Short-term lease	17,000	17,000
Medium-term lease	231,600	231,600
Long-term lease	<u>624,000</u>	<u>654,000</u>
	<u>872,600</u>	<u>902,600</u>

Lease payments may be varied periodically to reflect market rentals.

The Group's investment properties were revalued at 30 September 2023 and 31 March 2023, giving rise to an unrealised fair value loss of approximately HK\$30,000,000 (six months ended 30 September 2022: unrealised fair value loss of approximately HK\$20,700,000) 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 2023 and 31 March 2023 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\$534,000,000 as at 30 September 2023 (31 March 2023: HK\$564,000,000) represents the investment properties under redevelopment in Hong Kong.

At 30 September 2023, the investment properties with aggregate carrying value of approximately HK\$63,000,000 (31 March 2023: HK\$63,000,000) have been pledged to a bank to secure general bank facilities of the Group.

9. EQUITY INSTRUMENTS AT FVTOCI

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Listed shares in Hong Kong, at fair value	53,744	62,367

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	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
388	Hong Kong Exchanges and Clearing Limited	Financials	13,614	16,201
2	CLP Holdings Limited	Utilities	9,562	11,340
1113	CK Assets Holdings Limited	Properties & Construction	4,958	5,727
386	China Petroleum & Chemical Corporation - H Shares	Energy	4,922	5,336
1398	Industrial and Commercial Bank of China Limited ("ICBC") - H Shares	Financials	4,528	5,021

Changes in fair value of the above equity securities are recognized 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 2023, the Group disposed certain equity securities as these investments no longer coincided with the Group's investment strategy. The fair value on the date of disposal was approximately HK\$2,148,000 (six months ended 30 September 2022: HK\$844,000), resulting in a transfer of accumulated gain on the equity instruments at FVTOCI of approximately HK\$234,000 (six months ended 30 September 2022: HK\$552,000) within equity.

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

10. TRADE AND OTHER RECEIVABLES

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Rental receivables (note)		
- Within 30 days	82	78
- Within 31 days to 60 days	47	52
- Within 61 days to 90 days	23	23
- Over 90 days	13	-
	<u>165</u>	<u>153</u>
Other receivables	675	151
Deposits and prepayments	261	337
	<u>1,101</u>	<u>641</u>
Less: Provision for expected credit losses	(78)	(55)
Total trade and other receivables, net	<u><u>1,023</u></u>	<u><u>586</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 30 September 2023 and 31 March 2023, 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 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Balance at beginning of the period/year	55	180
Provision/(reversal) of provision	23	(89)
Written off	-	(36)
Balance at end of the period/year	<u><u>78</u></u>	<u><u>55</u></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 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Current liabilities		
- Within one year	16,700	811
- After one year but not exceeding two years	-	16,295
	<u>16,700</u>	<u>17,106</u>

Notes:

- (a) As at 30 September 2023, secured bank loans of approximately HK\$16,700,000 (31 March 2023: HK\$17,106,000) 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 2023: 1.55% above HIBOR, or 1.8% below BLR). During the six months ended 30 September 2023, interest on bank borrowings was approximately HK\$337,000 (six months ended 30 September 2022: HK\$204,000).
- (c) As at 30 September 2023 and 31 March 2023, the Group's bank borrowings were secured by (i) investment properties amounting to approximately HK\$63,000,000 (31 March 2023: HK\$63,000,000); and (ii) a corporate guarantee amounting to HK\$32,900,000 (31 March 2023: 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 2023 and 31 March 2023, 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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interim dividend declared after the end of the reporting period		
- HK\$0.02 (2022: HK\$0.02) per ordinary share	<u>800</u>	<u>800</u>
	<u>800</u>	<u>800</u>

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

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

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Final dividend declared and paid		
- HK\$0.12 (2022: HK\$0.12) per ordinary share	<u>4,800</u>	<u>4,800</u>
	<u>4,800</u>	<u>4,800</u>

13. CAPITAL COMMITMENTS

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Contracted but not provided for:		
Capital expenditure for the redevelopment of the investment properties	13,050	13,050
Capital expenditure for property held for or under development	<u>40</u>	<u>-</u>
	<u>13,090</u>	<u>13,050</u>
Authorised but not contracted for:		
Capital expenditure for the redevelopment of the investment properties	<u>54,000</u>	<u>54,000</u>

14. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial assets measured at fair value

Fair value Hierarchy

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

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

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

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

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Recurring fair value measurement				
Financial assets:				
As at 30 September 2023 (unaudited)				
Equity instruments at FVTOCI				
- listed shares in Hong Kong	53,744	-	-	53,744
Equity instruments at FVTPL				
- listed shares in Hong Kong	49,673	-	-	49,673
	<u>103,417</u>	<u>-</u>	<u>-</u>	<u>103,417</u>
As at 31 March 2023 (audited)				
Equity instruments at FVTOCI				
- listed shares in Hong Kong	62,367	-	-	62,367
Equity instruments at FVTPL				
- listed shares in Hong Kong	59,266	-	-	59,266
	<u>121,633</u>	<u>-</u>	<u>-</u>	<u>121,633</u>

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

INTERIM DIVIDEND

The board has resolved to pay an interim dividend of 2 HK cents (2022: 2 HK cents) per share, totaling HK\$800,000 (2022: HK\$800,000). Such dividend will be paid on or about 9 January 2024 to the shareholders whose names appear on the Register of Members of the Company at the close of business on 19 December 2023.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 15 December 2023 to Tuesday, 19 December 2023, both days inclusive. To qualify for the interim dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 14 December 2023.

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.

AUDIT COMMITTEE

The audit committee currently consists of three independent non-executive directors and one non-executive director.

At the request of the Audit Committee, BDO Limited, the auditor of the Company, has performed certain agreed-upon procedures on the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 September 2023 in accordance with Hong Kong Standard on Related Services 4400 (Revised) "Agreed-Upon Procedures Engagements" issued by the HKICPA.

The agreed-upon procedures were performed solely to assist the Audit Committee to review the interim results of the Group for the six months ended 30 September 2023. As the agreed-upon procedures did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, the auditor of the Company does not express any assurance on the interim results of the Company for the six months ended 30 September 2023.

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters, including the review of the Group's unaudited consolidated interim results of the Group for the six months ended 30 September 2023.

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 2023 in compliance with the code provisions set out in the “Corporate Governance Code” contained in Appendix 14 of the Listing Rules, except that:

- The Group has not designated any chief executive officer. Generally, prior approvals by all executive directors are required for all strategic decisions and are to be confirmed either at formal board meeting or under written resolution subsequently. The Group believes that the existing organization and decision making procedures are adequate for the Group to cope with the ever-changing economic environment; and
- The Group has not arranged insurance cover in respect of legal action against its directors as the Board considers that there is prudent management policy currently in place. However, the need for insurance policy will be subject to review from time to time.

BUSINESS REVIEW AND PROSPECTS

Business review

The Group’s turnover for the period amounted to approximately HK\$11,815,000, which was similar to the same period in last year.

During the period, the Group recorded a loss of approximately HK\$31,107,000, representing an increase in loss of HK\$1,187,000 (or 4%), as compared to the same period in last year. The decrease in loss was mainly due to an increase in fair value loss on investment properties incurred during the period.

Property leasing

The rental income of the Group was approximately HK\$7,213,000, representing an increase of approximately HK\$896,000 (or 14.2%), as compared to the same period in last year. The increase was mainly due to increase in occupancy rate and decrease in rental concession during the period following the relaxation of precautionary measures for COVID-19.

Excluding recurring valuation gain or loss of investment properties, the leasing segment recorded a profit of approximately HK\$5,295,000, representing an increase of approximately HK\$532,000 (or 11.2%), as compared to the same period in last year.

Regarding the redevelopment project on No. 31 Fuk Tsun Street (“FTS Project”), the site investigation has been completed and the preparation works on the foundation works is underway. Due to interest rate hikes, continued downward pressure on Hong Kong property values, and the property market decline in mainland China continued to worsen, financial institutes have tightened the lending policy and are more conservative and prudent in their lending attitudes towards the real estate business. Such unfavourable external environment may inevitably affect the progress of the Group’s redevelopment project. The Group will continue to take due care to assess the cost and benefit of the project and review the market changes from time to time. With a weak property sentiment, a weaker-than-expected economic recovery, and the above-mentioned factors, the Group has slowed down the progress of the development presently in order to minimize the negative impact on shareholders’ interest. Subject to prevailing market conditions, the Group will speed up the redevelopment plan if and when the directors consider appropriate.

Property leasing - Continued

The Group recorded a fair value loss on investment properties of approximately HK\$30,000,000 (six months ended 30 September 2022: HK\$20,700,000) during the period under review. As at 30 September 2023, the Group's fair value of investment properties was HK\$872,600,000 (31 March 2023: HK\$902,600,000).

Property development

The Group recorded a fair value loss of HK\$90,000 (six months ended 30 September 2022: Nil) on property held for or under development during the period ended 30 September 2023.

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

Securities investment

Dividend income decreased by approximately HK\$1,170,000 (or 20.3%) to approximately HK\$4,602,000 as compared to the same period in last year. The decrease was mainly due to a decrease in the distribution of dividends by listed shares.

During the period, the Group disposed of certain equity instruments at FVTOCI at an aggregate consideration of approximately HK\$2,148,000 and realised a gain of approximately HK\$234,000 (six months ended 30 September 2022: HK\$552,000) which was directly transferred from fair value reserve to retained profits.

For the period under review, the Group recorded a fair value loss on equity instruments at FVTPL of approximately HK\$9,776,000 (six months ended 30 September 2022: HK\$17,692,000) and fair value loss on equity instruments at FVTOCI of approximately HK\$6,475,000 (six months ended 30 September 2022: HK\$14,807,000) which were recorded in the statement of profit or loss and other comprehensive income respectively. The management continues to keep watch of the market and will make appropriate adjustments if they think fit. As at 30 September 2023, the Group's listed share investment portfolios had an aggregate fair value of approximately HK\$103,417,000 (31 March 2023: HK\$121,633,000).

Securities investment - Continued

Details of the top five in the Group's share investment portfolios as at 30 September 2023 for long-term and trading purpose are set out in Table 1 and Table 2 below, respectively:

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

Stock code	Stock name	Principal Business	Investment Costs (HK\$'000)	Fair value at 30.9.2023 (HK'000)	Proportional to total assets of the Group	Fair value (loss)/ gain during the period (HK\$'000)	Gain on disposal (HK\$'000)	Dividend income (HK\$'000)
1. 388	Hong Kong Exchanges and Clearing Limited	Financials	9,602	13,614	1.2%	(2,587)	-	209
2. 2	CLP Holdings Limited	Utilities	9,023	9,562	0.8%	370	234	230
3. 1113	CK Assets Holdings Limited	Properties & Construction	2,335	4,958	0.4%	(769)	-	274
4. 386	China Petroleum & Chemical Corporation Limited - H Shares	Energy	7,030	4,922	0.4%	(414)	-	387
5. 1398	ICBC - H Shares	Financials	6,881	4,528	0.4%	(492)	-	356
	Other securities (note(1))		33,616	16,160	1.6%	(2,583)		742
Total			68,487	53,744	4.8%	(6,475)	234	2,198

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 property and construction, conglomerates, financials and information technology.

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

Securities investment - continued

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

Stock code	Stock name	Principal business	Investment Costs (HK\$'000)	Fair value at 30.9.2023 (HK'000)	Proportional to total assets of the Group	Fair value loss during the period (HK\$'000)	Dividend income (HK\$'000)
1. 2628	China Life Insurance Co. Ltd. - H Shares	Financials	14,962	9,760	0.9%	(560)	384
2. 9988	Alibaba Group Holdings Ltd - SW	Information Technology	20,312	8,132	0.7%	(1,406)	-
3. 1398	ICBC - H Shares	Financials	8,388	4,901	0.4%	(533)	385
4. 3988	Bank of China - H Shares	Financials	6,556	4,844	0.4%	(477)	401
5. 914	Anhui Conch Cement Co. Ltd. - H shares	Materials	11,558	4,796	0.4%	(1,461)	340
	Other securities (note (1))		39,686	17,240	1.6%	(5,339)	894
	Total		101,462	49,673	4.4%	(9,776)	2,404

Note (1): Other securities included 20 stocks listed in Hong Kong. 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 of the issued share capital for each underlying company.

Liquidity and financial resources

As at 30 September 2023, the Group's total bank borrowings were approximately HK\$16,700,000, all of which were dominated in Hong Kong dollars wholly repayable within one year (31 March 2023: within two years HK\$17,106,000). 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 30 September 2023 was to approximately HK\$142,689,000 (31 March 2023: HK\$134,256,000). The Group's outstanding capital commitments for property redevelopment projects and property held for or under development, which were contracted but not accounted for, were HK\$13,050,000 and HK\$40,000 respectively. 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 continue to closely monitor the market changes especially the interest rate hike, policies implemented by the Hong Kong Monetary Authority and the Government of HKSAR, and the banker's lending attitudes towards the real estate business. The Group will arrange new credit facilities for the Group's property development when the Group considers it is in the best of the shareholders as a whole. In the long run, the Group will continue to adopt an optimum financial structure for the best interests of its shareholders in light of changes in economic conditions.

The Group did not use any financial instruments for hedging purposes during the six months ended 30 September 2023.

Assets pledged

As at 30 September 2023, the investment properties of the Group with an aggregate carrying value of HK\$63,000,000 (31 March 2023: HK\$63,000,000) were pledged to a bank to secure general banking facilities granted to the Group.

Prospects

Looking forward, the Company's business will be challenging. Local consumption patterns have changed again which has impacted local amusement, retail and catering businesses after the relaxation of epidemic prevention measures in Hong Kong. The local economic recovery is weaker than expected. Taking into account three sources of land supply from the Government of HKSAR, MTR Corporation and Urban Renewal Authority, several pieces of land sale have failed this year. This indicates that the developers become more conservative and prudent due to various factors including but not limited to the upsurge of interest rates, geopolitical concerns, Sino-US trade war, and other factors. In the short to medium term, we expect the property and securities market to continue to be under pressure. We will keep monitoring the market sentiment and interest rate trend, and make appropriate decisions in each business segment and property development plans which would be in the best interest of the shareholders of the Company.

By order of the board

Ng Tai Wai
Chairman

Hong Kong, 23 November 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.