



# WINFAIR INVESTMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)  
(Stock Code: 0287)

## 2016/2017 ANNUAL REPORT



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## CORPORATE INFORMATION

### EXECUTIVE DIRECTORS

Mr. Ng Tai Wai  
Mr. Ng Tai Yin, Victor  
Mr. Ng See Wah  
(deceased on 30 March 2017)

### NON-EXECUTIVE DIRECTORS

Mr. So Kwok Leung  
Mr. So Kwok Wai, Benjamin  
Ms. Ng Kwok Fun  
(appointed as alternate director to the late Mr. Ng See Wah  
for the period from 21 October 2009 to 30 March 2017;  
and appointed as non-executive director on 23 June 2017)

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Loke Yu alias Loke Hoi Lam  
Dr. Ng Chi Yeung, Simon  
Ms. Chan Suit Fei, Esther

### AUDITORS

Wong Brothers & Co.  
Certified Public Accountants

### SOLICITORS

Cadwalader, Wickersham & Taft LLP  
Lo, Wong & Tsui  
Simon Reid-Kay & Associates

### PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited  
DBS Bank (Hong Kong) Limited  
China CITIC Bank International Limited

### COMPANY SECRETARY

Ms. MIMOONA MA

### SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
17/F, Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

### REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

501-2, 5/F, Lee Kiu Building  
51 Jordan Road  
Kowloon

### CORPORATE WEBSITE

<http://www.winfairinvestment.com>

## CHAIRMAN'S STATEMENT

On behalf of the Board of directors (the "Board") of Winfair Investment Company Limited (the "Company", together with its subsidiaries, the "Group"), I am delighted to report the Group's financial results and activities for the year ended 31 March 2017.

### RESULTS AND DIVIDENDS

For the year under review, the revenue of the Group increased by HK\$686,396 (or 2.7%), to HK\$26,282,786. The Group's profit for the year increased by HK\$47,225,837 (or 1268.5%), to HK\$50,948,669.

In January 2017, an interim dividend of HK\$0.02 per share was paid. The Board now recommends a final dividend of HK\$0.12 per share, totaling HK\$4,800,000. Subject to approval by the shareholders of the Company at forthcoming annual general meeting, such dividends will be payable on or about 25 September 2017.

### BUSINESS REVIEW

#### KEY PERFORMANCE INDICATOR

	<b>2017</b>	2016	Increase/ (decrease)	Increase/ (decrease)
	<b>HK\$</b>	HK\$	HK\$	
Revenue	<b>26,282,786</b>	25,596,390	686,396	2.7%
Profit before tax	<b>53,334,072</b>	6,054,821	47,279,251	780.9%
Fair value gain/(loss) on:				
– Investment properties	<b>16,300,000</b>	6,790,000	9,510,000	140.1%
– Trading securities	<b>9,153,467</b>	(12,819,557)	21,973,024	171.4%
Impairment loss on available-for-sale financial assets	–	7,940,000	(7,940,000)	-100%
Profit after tax	<b>50,948,669</b>	3,722,832	47,225,837	1268.5%
EBITDA	<b>54,009,074</b>	6,749,784	47,259,290	700.2%
ROCE <sup>#</sup>	<b>6.89%</b>	0.88%	6.01%	683.0%
Earnings per share	<b>1.27</b>	0.09	1.18	1311%

<sup>#</sup> Return on Capital Employed (ROCE) = Profit before tax and interest divided by average capital employed

The Group's profit for the year increased by HK\$47,225,837 (or 1268.5%), to HK\$50,948,669. The substantial increase was mainly due to increase in fair value gain on trading securities and investment properties, absence of impairment loss on available-for-sale financial assets as a result of good sentiment in global securities markets and local property market, and increase in gain on disposal of available-for-sale financial assets.

#### PROPERTY INVESTMENT

The rental income and the result (excluding a revaluation gain of HK\$16,300,000) of the Group's property leasing business increased by HK\$290,696 (or 1.5%) and HK\$263,361 (or 1.7%) to HK\$19,089,059 and HK\$15,244,174 respectively, as compared to last year.

Although retail rent in Hong Kong has continued under pressure as a result of retarded growth in total tourist arrival, the Group's rental income remained stable this year. At 31 March 2017, the Group's investment properties portfolio increased by HK\$16,300,000 (or 2.8%) to HK\$602,800,000 (2016: HK\$586,500,000).

# CHAIRMAN'S STATEMENT

## BUSINESS REVIEW *(Continued)*

### PROPERTY DEVELOPMENT

For the year ended 31 March 2017, the Group recorded a fair value gain of HK\$2,290,501 (2016: HK\$10,000) on property held for or under development. The appeal for an application of proposed change on use of land, from agricultural to residential, of Lot Nos. 42RP and 122RP in D.D. 121, Ping Shan, Yuen Long is still in progress. The Group will continue to evaluate, as early as practicable, the investment potential of the Ping Shan project with updated information.

### SHARE INVESTMENTS AND DIVIDEND INCOME

Dividend income increased by HK\$307,199 (or 4.6%) to HK\$6,954,899 as compared to last year. The increase was primarily contributed by various listed shares acquired in last year.

During the year, the Group recorded a realised gain on disposal of trading securities of HK\$238,828 (2016: HK\$150,327) and a realised gain on disposal of available-for-sale financial assets of HK\$6,355,753 (2016: HK\$1,551,615). The gain on disposal of available-for-sale financial assets was mainly attributable to the sale of 100,000 ordinary shares of CLP Holdings Limited (Stock code: 2) at total consideration of approximate of HK\$8 million. Such disposal generated a gain of approximate of HK\$4.6 million. During the year, the Group recorded an unrealised gain on trading securities of HK\$9,153,467 (2016: unrealised loss of HK\$12,819,557) in the profit or loss. Also, the Group recorded an unrealised gain on available-for-sale financial assets of HK\$15,758,838 (2016: unrealised loss of HK\$15,701,770) in other comprehensive income. As at 31 March 2017, the Group's listed share investment portfolios had an aggregate fair value of HK\$166,802,351 (2016: HK\$148,648,609).

Details of the group's shares investment portfolio as at 31 March 2017 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 31.3.2017 (HK'000)	Proportional to total assets of the Group	Fair value gain/(loss) during the year (HK\$'000)	Gain on disposal (HK\$'000)	Dividend income (HK\$'000)
1. 2	CLP Holdings Limited	Utilities	10,422	24,375	2.9%	3,330	4,580	897
2. 5	HSBC Holdings Plc	Financials	22,888	20,488	2.4%	4,748	-	1,265
3. 17	New World Development Co. Ltd.	Properties & Construction	17,470	18,948	2.2%	4,242	255	850
4. 388	Hong Kong Exchanges and Clearing Limited	Financials	10,739	10,245	1.2%	475	-	260
5. 1	CK Hutchison Holdings Limited	Conglomerates	9,479	9,578	1.1%	(511)	-	259
	Others (note (1))		17,392	23,917	2.9%	3,475	1,520	794
	Total		88,390	107,551	12.7%	15,759	6,355	4,325

Note (1) Other securities included 9 stocks listed in Hong Kong. 7 of which were current constituents of Hang Seng Index and their principal businesses mainly included conglomerates, properties and construction, and financials. 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.

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

# CHAIRMAN'S STATEMENT

## BUSINESS REVIEW *(Continued)*

### SHARE INVESTMENTS AND DIVIDEND INCOME *(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 31.3.2017 (HK'000)	Proportional to total assets of the Group	Fair value gain during the year (HK\$'000)	Gain on disposal (HK\$'000)	Dividend income (HK\$'000)
1. 5	HSBC Holdings Plc	Financials	26,404	19,983	2.4%	4,631	-	1,234
2. 388	Hong Kong Exchanges and Clearing Limited	Financials	5,417	10,726	1.3%	497	-	273
3. 3988	Bank of China Limited – H Shares	Financials	6,556	6,824	0.8%	1,132	-	329
4. 1398	ICBC – H Shares	Financials	8,388	6,604	0.8%	962	-	322
5. 12	Henderson Land Development Company Limited	Properties & Construction	4,740	6,264	0.7%	629	-	181
6. 17	New World Development Co. Ltd.	Properties & Construction	3,822	3,975	0.5%	890	-	178
	Others (note (1))		8,713	4,875	0.6%	412	239	113
	Total		64,040	59,251	7.1%	9,153	239	2,630

Note (1) Other securities included 4 stocks listed in Hong Kong, 2 of which were current constituents of Hang Seng Index and their principal businesses mainly included financials and energy. The market value for each individual stock was less than 5% of the market value of the group's trading securities portfolio.

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

### LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2017, the Group's total bank borrowings were HK\$24,384,400 which is wholly repayable within 5 years (2016: HK\$26,314,000). The Group's gearing ratio, which was taken as bank borrowings to total shareholders' equity, decreased from 3.5% to 3.0%. The Group also had banking credit facilities of HK\$50,000,000 which had not been utilized. The Group's banking facilities are subject to review annually and will be due for negotiation in April 2018. During the past year, the Group diligently monitored its compliance with the lending bank's covenants on loan-to-security value ratio.

As at 31 March 2017, the Group held an amount of HK\$54,241,232 in cash (2016: HK\$33,801,458). 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 and project development expenditure, and loan repayment obligations. The management will execute additional credit facilities for the Group's acquisition, 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 31 March 2017, the Group's investment properties with an aggregate carrying value of HK\$199,500,000 (2016: HK\$194,000,000) were pledged to a bank to secure general banking facilities granted to the Group.

# CHAIRMAN'S STATEMENT

## BUSINESS REVIEW *(Continued)*

### RISK AND UNCERTAINTY

The Group is generally operating in an ever-changing business and economic environment. Value of properties may fluctuate following property market trend and other measures implemented by the government from time to time. The cooling measure on residential market potentially has a dampening effect on the number of transactions and the value of residential market in a short run. The Group would consider the related extra cost for every potential investment opportunity. Such cooling measure may or may not slow down the pace for the acquisition of property for re-development purpose, but the rental income for residential flats is expected to be stable.

The Group would invest in capital expenditure and raise long-term borrowings based on periodic feasibility study in order to cope with market demand and competition. The strategic risk on capital expenditure and financial arrangement is of significance nowadays and the Group has to be cautious and prudent in identifying and minimizing such risk.

Generally speaking, the actual and the expected global and mainland China economic growth affect the value and performance of the securities listed in Hong Kong. The securities market is more volatile due to the unpredictable ever-changing economic and political environment. Volatility in the securities market may affect the Group's composition of shares investment portfolio, resulting in immediate buy/sell decision under commercial conditions. The commercial risk in equity market is only safeguarded to a certain extent by the long established expertise and experience of the Group in securities investment.

The Group is also subject to credit risk, liquidity risk, and interest rates risk in the normal course of the Group's business. Particulars of financial risk management of the Group are set out in note 32 to the financial statements.

### BUSINESS MODEL AND STRATEGY

The core business of the Group focuses on property investment and development in Hong Kong. The Group's strategy for generating and preserving shareholder value is to invest in properties that offer attractive returns. The Group continues to pursue growth opportunities and make appropriate adjustments to its property investment portfolio.

The Group also focuses on security investment. The Group's strategy for generating and preserving shareholder value is to adopt a prudent investment policy on securities which have long-term potential growth. The Group continues to exercise prudent and disciplined financial management to ensure sustainable growth.

### EMPLOYEE AND EMOLUMENT POLICY

As at 31 March 2017, the Group had 4 (2016: 4) employees (excluding 3 executive directors). The Company's emolument policy is to ensure that the remuneration offered to employees, including executive directors and senior management, is based on their skills, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of the Group's employees are periodically reviewed objectively and according to each individual's performance.

### ENVIRONMENTAL POLICY

The principal activities of the Group are property and securities investment. The Group has not engaged in property development activities during the year and considers that it has not operated in environmental sensitive businesses during the year. The "Environmental Policy" was formulated by the Group as a guide for the environmental protection in the Group's business sector during the year.

## CHAIRMAN'S STATEMENT

### ENVIRONMENTAL POLICY *(Continued)*

In the course of its daily operations, the Group continues to commit feasible measures to reduce paper and electricity consumption in office. Also, the Group inclines to let out its properties to eligible tenants with business sustaining environment sense. The Group believes that the existing laws and regulations do not have any significant adverse effect on the Group's principal activities during the year ended 31 March 2017.

### COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group continues to commit to comply with the relevant laws and regulations such as Companies Ordinance, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), and other local laws and regulations implemented by the Hong Kong Government. The Group believes the existing laws and regulations do not have any significant effect on the Group's activities during the year ended 31 March 2017.

### STAKEHOLDERS OTHER THAN MEMBERS

The success of the Group hinges on the knowledge, skill, drive, passion, and enthusiasm of its employees. To enhance the value for shareholders of the Company, the Group engages its employees in its recruitment plan to ensure that the right individuals are in place, combining the right mix of skill and experience.

The Group recognises the importance of health and safety, and is committed to providing a safe and healthy environment for its employees and tenants. Also, the Group recognises the importance of maintaining a long-term good relationship with its core business stakeholders such as employees, tenants, agents, repairs sub-contractor, other professional bodies, who are all important to the development of the Group's business. The Group has established at least 10-year good relationship with the largest tenant, with good creditability. Also, half number of employees has worked with the Group for at least 10 years.

### PROSPECTS

The property leasing market faced a great challenge in this financial year. During the year under review, the rental income from commercial shop was continuously under pressure. Although the Mainland Chinese tourist arrivals had a positive growth in early 2017 according to the recent statistic, the total retail sales declined. The management expects such business environment may continue, resulting an increase in vacancy and reduction in rental income. To mitigate such impact, the management will endeavor to maintain high occupancy rate with reasonable market rental. With lower interest rates, the management expects the market value of the commercial shop remains stable in the short run.

Private residential prices increased during the year under review, despite the new 15% Ad valorem stamp duty ("AVD") on residential purchase. Also, the recent land sale hit a historical high. Even though the government and monetary authority has continuously tightened measures to cool down the residential market, the management believes the market appetite remains strong and developers are full of confidence in the property market in the near future. The Group will keep its current business strategy plan for identifying high yield property investments and at the same time evaluating and balancing the risk and return for each potential investment.

The global economy is full of uncertainty. US may further increase the interest rate in year 2017. Brexit process and ongoing referendum in certain European countries also create volatility in the securities market. The Shenzhen-Hong Kong Connect was launched on 5 December 2016 and the management expects it will be advantageous for the securities market growth in the long run. The Group will keep a close watch of prevailing market changes and make appropriate strategic adjustments to the Group's assets portfolio in order to realize the returns of the shareholders of the Company.



## CHAIRMAN'S STATEMENT

### APPRECIATION

Founder of the Group, Mr. Ng See Wah, passed away during the year. Taking this opportunity, the Group would like to express the deepest gratitude for his invaluable contribution throughout his life time and commits to continue striving for success under his former directives.

I appreciate the support and co-operation of my fellow directors and staff of the Group and thank them for their dedicated services and contribution.

**Ng Tai Wai**

*Chairman*

Hong Kong, 23 June 2017

# CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining the highest standards of corporate governance practice emphasising transparency, independence and accountability. The Board believes that good corporate governance practices better safeguard the assets and protect the interests of the shareholders of the Company.

The Company has devised and adopted its own code of practice which essentially follows all Code Provisions and some of the Recommended Best Practices under the Corporate Governance Code (“the Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except for the deviations described below.

## CORPORATE GOVERNANCE PRACTICE

Save for the exceptions below, the Company has complied with all Code Provisions of the Code throughout the year ended 31 March 2017 and up to the latest practicable date prior to the publication of this annual report:

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 election by shareholders at the first general meeting after their appointment. They will hold office until the next annual general meeting in 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 it adopts prudent management policy. The need for insurance policy will be reviewed from time to time.

## DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors’ securities transactions. Specific enquiries were made of all directors and the directors have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 March 2017.

## BOARD OF DIRECTORS

After the demise of Mr. Ng See Wah, the past chairman and executive director of the Company on 30 March 2017 and appointing Ms. Ng Kwok Fun as non-executive director on 23 June 2017, up to the date of this report, the number of directors in the Board remained at eight members. The current Board comprises of two executive directors (one of whom is the new Chairman of the Board), three non-executive directors and three independent non-executive directors. Biographical details of the directors and the familial relationship between the directors are set out in the section headed “Directors and Senior Management” on pages 29 and 30.

# CORPORATE GOVERNANCE REPORT

## BOARD OF DIRECTORS *(Continued)*

The Board is responsible for formulation of the Group's strategy, overseeing the management of the business and affairs of the Company. The Board has delegated the following responsibilities to the management which is under the leadership of the three executive directors (on or after 31 March 2017: two). These responsibilities include implementation of the decisions of the Board; supervision and monitoring of daily operations; monitoring and safeguarding the Group's assets, and making recommendations for the Group's development. As per the Company's general practice, prior approvals by all executive directors are required for all strategic decisions such as acquisitions and disposals of the Group's assets. The major decisions are then confirmed in formal board meetings or under written resolutions. The management reports to the Board their work and business decisions in regular meetings. The key and important decisions including approval of interim and annual results, directors' report, corporate governance report, environmental, social and governance report, dividend policy and nomination of directors are fully discussed at board meetings. Other issues reserved to the full board for decision includes any matters involving a conflict of interest for a substantial shareholder or director, major transactions involving acquisition or disposals of assets, investment and capital projects, treasury policies, risk management policies and key human resources issues.

More than one-third of the Board members are independent non-executive directors and at least one of them has appropriate professional qualifications, or accounting or related financial management expertise.

Regarding the full board meetings, the directors received at least 14 days prior written notice of the meeting and an agenda with supporting paper no less than 3 days prior to the meeting. With respect to other ad hoc meetings, the directors will be given as much notice as is reasonable and practicable in the circumstances.

During the year ended 31 March 2017, four full board meetings were held with 100% attendance rate. Individual attendance of directors is shown in the following table:

Table – Number of board meetings, committee meetings and AGM attended by each director during the year ended 31 March 2017

	Scheduled board meetings(i)	Audit committee meetings(ii)	Remuneration committee meetings	Nomination committee meetings	Corporate governance committee meetings	AGM 2016(ii)
<b>Executive directors</b>						
Mr. Ng Tai Wai ( <i>New Chairman</i> )	4/4	N/A	1/1	N/A	1/1	1/1
Mr. Ng Tai Yin, Victor	4/4	N/A	N/A	1/1	N/A	1/1
Late Mr. Ng See Wah ( <i>Past Chairman</i> ) (iii)	5/5	N/A	N/A	N/A	N/A	1/1
<b>Non-executive directors</b>						
Mr. So Kwok Leung	5/5	N/A	N/A	N/A	1/1	1/1
Mr. So Kwok Wai, Benjamin	5/5	2/2	N/A	N/A	N/A	1/1
<b>Independent non-executive directors</b>						
Dr. Loke Yu alias Loke Hoi Lam	5/5	2/2	1/1	1/1	1/1	1/1
Dr. Ng Chi Yeung, Simon	5/5	2/2	1/1	1/1	1/1	1/1
Ms. Chan Suit Fei, Esther	5/5	2/2	1/1	1/1	1/1	1/1

## CORPORATE GOVERNANCE REPORT

### BOARD OF DIRECTORS *(Continued)*

- (i) Included one meeting held by the past Chairman and non-executive directors (including independent non-executive directors) without the attendance of executive directors.
- (ii) External auditors attended the meetings.
- (iii) Late Mr. Ng See Wah deceased on 30 March 2017. Last scheduled board meeting during the year was attended by his alternate, Ms. Ng Kwok Fun.
- (iv) 4/4 denotes attendance of 4 out of a total of 4 meetings, and so on.
- (v) N/A – not applicable

Development and training of directors is an ongoing process to ensure that the directors are able to perform their duties appropriately. The company secretary regularly circulates details of training courses and other regulatory updates which are related to the Company's business. All directors are encouraged to attend relevant training courses.

The board has received the training record of all directors. Details of continuous professional development are set out below:

	<b>Attending expert briefings/seminars/webinars/conferences/forums relevant to the business or directors' duties</b>	<b>Reading regulatory updates, journals/articles/materials, etc</b>
Mr. Ng Tai Wai <i>(New Chairman)</i>	✓	✓
Mr. Ng Tai Yin, Victor		✓
Mr. So Kwok Leung	✓	✓
Mr. So Kwok Wai, Benjamin	✓	✓
Dr. Loke Yu alias Loke Hoi Lam	✓	✓
Dr. Ng Chi Yeung, Simon	✓	✓
Ms. Chan Suit Fei, Esther	✓	✓
Ms. Ng Kwok Fun (Alternate director to the late Mr. Ng See Wah)		✓
Late Mr. Ng See Wah <i>(Past Chairman)</i>	✓	✓

### CHAIRMAN AND CHIEF EXECUTIVE

Up to 30 March 2017, the late Mr. Ng See Wah was the Chairman of the Board. Mr. Ng Tai Wai, executive director, took the chair of the board of the Company with effect on 31 March 2017. None of the directors has been designated as chief executive during the year.

During the year ended 31 March 2017, the Chairman directed the company secretary to draw up the agenda for each board meeting. With the assistance of the directors and the company secretary, the chairman ensured that all directors were properly briefed on the issues discussed at the Board meetings and all directors received adequate, complete and reliable information in a timely manner.

The role of chief executive was jointly performed by the three executive directors (on or after 31 March 2017: two). The responsibilities include: leading the management; implementing and reporting to the Board on the Company's strategy; monitoring the performance of day-to-day management; establishing, maintaining and periodically reviewing proper internal controls, disclosures and procedures; and discharging the duties delegated by the Board.

# CORPORATE GOVERNANCE REPORT

## NON-EXECUTIVE DIRECTORS

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.

## EMOLUMENT POLICY

The Company's emolument policy is to ensure that the remuneration offered to employees including executive directors and senior management is based on each individual's skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of executive directors are also determined by reference to the Company's performance and profitability, remuneration level in the industry, the prevailing market conditions and the performance and contribution from each director. The emolument policy for non-executive directors is to ensure that the non-executive directors are adequately compensated for their efforts and the time dedicated to the Company's affairs, including their participation in the Board committees. Individual directors and senior management are not involved in the determination of their own remuneration.

## REMUNERATION COMMITTEE

The remuneration committee, consisting of three independent non-executive directors and one executive director, has been established since 15 December 2004. The terms of reference of the remuneration committee align with the code provisions of the Code and are available on the Exchange's and the Company's websites. The committee reviews the remuneration package of the executive directors, non-executive directors and senior management, and makes appropriate recommendations to the Board. Staff remuneration is determined by the Group's management by reference to their qualification, work experience, performance and prevailing market conditions.

The chairman of the remuneration committee is Dr. Ng Chi Yeung, Simon and the committee members are Dr. Loke Yu alias Loke Hoi Lam, Mr. Ng Tai Wai and Ms. Chan Suit Fei, Esther.

During the year ended 31 March 2017, one committee meeting was held at which there was a 100% attendance rate. Individual attendance of each committee member is shown on page 10 in the section headed "Board of directors".

The work performed by the remuneration committee during the year ended 31 March 2017 included the following:

- reviewing the policy for the remuneration of executive directors;
- reviewing the terms of all directors' appointment letter;
- assessing performance of executive directors;
- making recommendation on the salary for all executive directors and senior management of the Group; and
- making recommendation on directors' fee.

# CORPORATE GOVERNANCE REPORT

## NOMINATION COMMITTEE

The nomination committee, consisting of three independent non-executive directors and one executive director, has been established since 13 March 2012. The terms of reference of the nomination committee align with the code provisions of the Code and is available on the Exchange's and the Company's website.

The chairman of the nomination committee is Ms. Chan Suit Fei, Esther and the committee members are Dr. Loke Yu alias Loke Hoi Lam, Dr. Ng Chi Yeung, Simon and Mr. Ng Tai Yin, Victor.

New appointment of directors is first considered by any one of the directors. His/her recommendations are then put to the Board for decision. All newly appointed directors are subject to election by shareholders at the following annual general meeting ("AGM") after appointment.

At each annual general meeting, one-third of the directors (if the number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and are eligible for re-election.

In considering the new appointment or re-appointment of directors, the Board will base its decision on criteria such as integrity, independence, experience, skill and the ability to commit time and effort to carry out his/her duties and responsibilities, etc.. On 1 September 2013, the Company adopted its own "Board Diversity Policy". This policy has been implemented since June 2014. The Company considers that the increasing diversity at the Board level will benefit the Company's overall sustainable development. In designing the Board's composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional skills, knowledge or length of service. All board appointment will be based on merits, and candidates will be considered against objective criteria, with due regard to the benefits of diversity on the Board. The measurable objectives are as follows:

- Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional skills, knowledge or length of service;
- The Board should ensure the balance of skills and experience to ensure an optimum Board and efficient stewardship;
- The Board should ensure that it comprises Directors who are sufficiently experienced and independent in character and judgement; and
- The final decision will be based on merits and their potential contribution that the selected candidates will bring to the Board.

During the year ended 31 March 2017, one meeting of the committee was held with 100% attendance rate. Individual attendance of member is shown on page 10 in the section headed "Board of directors".

The work performed by the nomination committee during the year ended 31 March 2017 included the following:

- review of the structure, size and composition of the Board;
- assessment of the independence of the independent non-executive directors and review of their annual confirmations on their independence; and
- recommendation to the Board for re-election of the retiring directors at the AGM 2016.

## CORPORATE GOVERNANCE REPORT

### AUDIT COMMITTEE

The audit committee currently consists of three independent non-executive directors and one non-executive director. The chairman of the audit committee is Dr. Loke Yu alias Loke Hoi Lam and the committee members are Dr. Ng Chi Yeung, Simon, Mr. So Kwok Wai, Benjamin, and Ms. Chan Suit Fei, Esther. The terms of reference of the audit committee align with the code provisions of the Code and is available on the Exchange's and the Company's website.

During the year ended 31 March 2017, two meetings of the committee were held with 100% attendance rate. Attendance of individual member is shown on page 10 in the section headed "Board of directors".

The work performed by the audit committee during the year ended 31 March 2017 included the following:

- review of and discussion with the management the accounting principles and practices adopted by the Group and other financial reporting matters;
- review of the annual report and interim report for the completeness, accuracy and truth and fairness of the financial statements of the Group;
- review of the results of external audit and discussion with the external auditors on any significant audit findings and issues;
- review of and discussion with the management the effectiveness of the financial control, internal controls and risk management systems of the Group; and
- review of the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting function.

### CORPORATE GOVERNANCE COMMITTEE

The corporate governance committee, consisting of three independent non-executive directors, one executive director and one non-executive director, has been established since 13 March 2012. The terms of reference of the corporate governance committee align with the code provisions of the Code and is available on the Company's website.

The chairman of the corporate governance committee is Dr. Loke Yu alias Loke Hoi Lam and the committee members are Dr. Ng Chi Yeung, Simon, Ms. Chan Suit Fei, Esther, Mr. Ng Tai Wai and Mr. So Kwok Leung.

During the year ended 31 March 2017, one meeting of the committee was held with 100% attendance rate. Individual attendance of member is shown on page 10 in the section headed "Board of directors".

The work performed by the corporate governance committee during the year ended 31 March 2017 included the following:

- review of company's policies and practices on corporate governance and compliance with legal and regulatory requirements;
- review of the training and continuous professional development of directors and senior management; and
- review of the Company's compliance with the code and disclosure in the Corporate Governance Report for the year ended 31 March 2017.

# CORPORATE GOVERNANCE REPORT

## AUDITORS' REMUNERATION

An analysis of remuneration in respect of audit and non-audit services, which included taxation, other review and advisory services, provided by the auditors and its common control entity during the year ended 31 March 2017 is as follows:

	HK\$
<b>Audit fee</b>	268,000
<b>Other non-audit services</b>	
Taxation services	27,000
Interim review	44,000
	71,000
Other non-audit professional services provided by affiliated company	94,986
<b>Total</b>	<b>433,986</b>

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring the Company establishes and maintains appropriate and effective risk management and internal control systems.

### RISK GOVERNANCE STRUCTURE

- |                  |  |
|------------------|--|
| 1st line defence | <ul style="list-style-type: none"> <li>– The management identify, analyse, evaluate, and manage the Group's financial risk and non-financial risk on an ongoing process.</li> <li>– The qualified accountant monitors the internal control on an ongoing basis and provides oversight of the risk management. The qualified accountant annually submits the in-house report on risk management and internal control issue for the Audit Committee's review and assists the independent professional advisor (the "IPA") to conduct independent risk management and internal control review.</li> </ul> |
| 2nd line defence | <ul style="list-style-type: none"> <li>– The IPA provides independent and objective assurance on the overall effectiveness of the risk management and internal control system using risk-based approach.</li> </ul>  |
| 3rd line defence | <ul style="list-style-type: none"> <li>– The board, through the Audit Committee, review the effectiveness of risk management and internal control system. Audit Committee oversees financial reporting and review the in-house and independent report on risk management and internal control system.</li> </ul>   |



# CORPORATE GOVERNANCE REPORT

## RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

### REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

This year, the Group has engaged an independent professional advisor (the "IPA") to assist the Board and the Audit Committee in ongoing monitoring of the risk management and internal control systems of the Group and in performing the internal audit functions for the Group. The scope of the annual internal audit review by IPA is based on the Group's key business process or risky areas as recommended by the Audit Committee. Deficiencies in the design and implementation of internal controls are identified and recommendations are proposed for improvement. Any significant internal control deficiencies are reported to the Audit Committee and the Board on a timely basis to ensure prompt remediation actions are taken. The independent report on risk management and internal control review are submitted to the Audit Committee and the Board at least once a year. The Board, through the Audit Committee, had performed annual review on the effectiveness of the Group's risk management and internal control systems, including capable to respond to changes in business and external environment; the scope and quality of management's review on risk management and internal control systems; result of internal audit work by the IPA; the extent and frequency of communication with the Board in relation to result of risk and internal control review; significant failures or weaknesses identified and their related implications; and status of compliance with the Listing Rules. The independent report on risk management and internal control review, with no material weakness were found, were submitted to the Audit Committee for review. No significant areas of concern has been identified. The Board considers the Group's risk management and internal control systems were effective during the year. The risk management and internal control systems of the Group are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

### PROCEDURE AND INTERNAL CONTROL FOR HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company complies with requirements of Securities and Futures Ordinance ("SFO") and the Listing Rules in disclosing inside information. The Company discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Company ensures the information is kept strictly confidential. If the Company believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Company would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact. The information presented shall be in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

## ACCOUNTABILITY

The directors acknowledge their responsibility for preparing the financial statements of the Company which give a true and fair view in accordance with Hong Kong Financial Reporting Standards. The directors consider that the financial statements have been prepared in conformity with the generally accepted accounting standards in Hong Kong, and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgement of the Board and management with an appropriate consideration of materiality.

The directors, having made appropriate enquires, are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as going concern. Accordingly, the directors have prepared the financial statements of the Company on a going concern basis.

The board has conducted a review of the effectiveness of the system of internal controls, including financial, operational and compliance controls and risk management functions.

# CORPORATE GOVERNANCE REPORT

## COMPANY SECRETARY

All directors have access to the advice and services of the company secretary, Ms. MIMOONA MA. She is an employee of the Company and is appointed by the Board. The company secretary supports the chairman, the Board and the Board committees by ensuring good information flow within the Board and that the Board policy and procedures are followed. She reports to the Board chairman on board governance matters and facilitates the induction and professional development of directors. The company secretary is also responsible for facilitating communications among directors as well as shareholders and management. Biographical details of the company secretary are set out in the section headed "Directors and Senior Management" on page 30. During the year ended 31 March 2017, the company secretary undertook over 15 hours of professional training to update her skills and knowledge.

## SHAREHOLDERS' RIGHT

### THE PROCEDURE FOR SHAREHOLDERS TO CONVENE AND PUT FORWARD PROPOSALS AT MEETING

The procedures for shareholders to convene and put forward proposals at meeting are subject to the provision under the Hong Kong Companies Ordinance (the "Companies Ordinance").

### CONVENING AN ANNUAL GENERAL MEETING (AGM)

Pursuant to section 610(1) of the Companies Ordinance, a company must, in respect of each financial year of the company, hold a general meeting as its AGM within 6 months after the end of its accounting reference period by reference to which the financial year is to be determined. If the company fails to hold an AGM under section 610(1) of the Companies Ordinance, any shareholder can pursuant to section 610(7) of the Companies Ordinance apply to the court in Hong Kong, and the court may then call or direct the calling of an AGM and give such ancillary or consequential direction. Usually, the Company holds AGM in every August.

Pursuant to section 615(2) of the Companies Ordinance, shareholders holding at least 2.5% of the total voting rights of all shareholders who have a right to vote on resolution at the AGM to which the requests relate; or at least 50 shareholders who have a right to vote on the resolution at the AGM to which the requests relate, can submit a written request to move a resolution at the AGM.

The request shall state the resolution of which notice is to be given. The request shall be signed by the said shareholder(s) (or 2 or more copies which between them contain the signatures of all the said shareholders) and shall be deposited at the Company's registered office at 501-2, 5/F, Lee Kiu Building, 51 Jordan Road, Kowloon, for the attention of the company secretary not less than 6 weeks before the AGM to which the requests relate; or if later, the time at which notice is given of that meeting. The request will be verified with the Company's Share Registrar. Once the request is verified as proper and in order, the company secretary will ask the Board of Directors to include the resolution in the agenda for the AGM. On the contrary, if the request has been verified as not in order, the said shareholders will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the AGM.

Pursuant to section 616 of the Companies Ordinance, the company that is required under section 615 to give notice of a resolution must send a copy of it at the company's own expense to each shareholder of the company entitled to receive notice of the AGM in the same manner as the notice of the meeting; and at the same time as, or as soon as reasonably practicable after, it gives notice of the meeting.

If the proposal relates to the election of a person other than a director of the company retiring at the AGM, at least 7 days' notice commencing no earlier than the day after the dispatch of the notice and ending no later than 7 days prior to the date of the meeting shall be given. The procedure is published in the section "Memorandum and Article of Association" of the Company's corporate website.

## CORPORATE GOVERNANCE REPORT

### SHAREHOLDERS' RIGHT *(Continued)*

#### **CIRCULATION OF STATEMENT AT AGM/GENERAL MEETING (GM)**

Pursuant to section 580 of the Companies Ordinance, shareholders representing at least 2.5% of the total voting rights of all shareholders who have a relevant right to vote at the meeting; or at least 50 shareholders who have a relevant right to vote at the meeting may request the company to circulate, to shareholders of the company entitled to receive notice of a general meeting, a statement of not more than 1,000 words with respect to the matter mentioned in a proposed resolution to be dealt with at that meeting or other business to be dealt with at that meeting.

The proposed statement must be signed by the said shareholder(s) (or 2 or more copies which between them contain the signatures of all the said shareholders) and shall be deposited at the company's registered office at 501-2, 5/F, Lee Kiu Building, 51 Jordan Road, Kowloon, for the attention of the company secretary at least 7 days before the meeting to which the request relates. The request will be verified with the company's Share Registrar. Once the request is verified as proper and in order, the company will circulate the statement to each shareholder of the company entitled to receive notice of the meeting provided that:

- (1) if the request relates to an AGM, the proposed statement is received in time to enable the company to send a copy of the statement when the notice of AGM is dispatched. Otherwise, the said shareholder(s) have to deposit a sum reasonably sufficient to meet the company's expenses in circulating the statement submitted by the said shareholders not later than 7 days before the AGM.
- (2) if the request relates to a GM, the said shareholders have to deposit a sum reasonably sufficient to meet the company's expenses in circulating the statement submitted by the said shareholders not later than 7 days before the GM.

On the contrary, if the request has been verified as not in order, not received in time for the company to include a copy of the proposed statement in the notice of AGM or the said shareholders have failed to deposit sufficient money to meet the company's expenses for the said purposes, the said shareholders will be advised of this outcome and accordingly, the proposed statement will not be circulated to shareholders who entitle to receive notice of the meeting.

#### **CONVENING A GENERAL MEETING (GM)**

Pursuant to section 566 of the Companies Ordinance, the directors are required to call a general meeting if the company has received requests to do so from shareholders of the company representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings.

Subject to the Companies Ordinance, written request shall state the objects of the meeting, shall be signed by the said shareholder(s) (which may be contained in one document or in several documents in like form) and shall be deposited at the company's registered office at 501-2, 5/F, Lee Kiu Building, 51 Jordan Road, Kowloon, for the attention of the company secretary. The request will be verified with the company's Share Registrar. Once the request is verified as proper and in order, the company secretary will ask the Board of Directors to convene an EGM/GM by serving sufficient notice in accordance with the statutory requirement. On the contrary, if the request has been verified as not in order, the said shareholder(s) will be advised of this outcome and accordingly, the EGM/GM will not be convened as requested.

If the directors do not within 21 days from the date of the deposit of the request proceed duly to convene a meeting on a day not more than 28 days after the date on which the notice convening the meeting is given, the said shareholder(s) or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of 3 months from the said date.

# CORPORATE GOVERNANCE REPORT

## SHAREHOLDERS' RIGHT *(Continued)*

### **ENQUIRIES TO THE BOARD**

The Company convenes its AGM every year. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings.

### **INVESTOR RELATIONS**

There were no changes to the Company's constitutional documents during the year ended 31 March 2017.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Winfair Investment Company Limited and its subsidiaries (collectively known as “the Group”) believe that sound environmental, social and governance (“ESG”) performance is important to the sustainable development of its business. The Group is committed, not only to minimize the environmental impact of our business activities and operations, but also to promote social responsibility and effective corporate governance.

The Board of directors of the Company (the “Board”) is responsible for the Group’s ESG strategy and reporting. The Group has established an ESG working team to identify relevant ESG issue and to assess their materiality to the Group’s business as well as the Company’s stakeholders, through reviewing the Group’s operations and internal discussion. The management has provided a confirmation to the Board on the effectiveness of our ESG risk management.

Pursuant to the general disclosure requirements set forth in Appendix 27 Environment, Social and Governance (“ESG”) Reporting Guide of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “ESG Guide”), disclosures relating to the material ESG issues identified have been included in the ESG Report which aims to provide a balanced representation of the Group’s ESG performance in the environmental and social area, and covers the Group’s operations.

### ENVIRONMENTAL

The principal activities of the Group are property investment, securities investment, property development and securities dealings. The Group has not engaged in property development during the year and considers that it has not operated in environmental sensitive business during the year. The environmental impact arising from the course of business activities and operation is considered to be too remote. During the year, the Group did not generate any material direct/indirect air emissions, discharges into water, hazardous and non-hazardous waste and there were no substantial amounts of packaging materials used. Therefore, disclosures relating to these aspects, as set forth in the ESG Guide, are not applicable to the Group.

To be one of the responsible corporations, the “Environmental policy” was formally written and adopted in March 2017. The Group continuously encourages the staff to follow the general guidelines under the “Environmental Policy”.

During the year, the Group did not experience any cases of non-compliance relating to environmental laws and regulations in Hong Kong.

### EMISSION

Indirect greenhouse-gas (GHG) emission from our electricity consumption is the biggest contributor during the course of our daily operation. The Group continues to commit to reduce the electricity consumption in office as practicable as possible by various ways as described in the “Use of Resources” section below.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ENVIRONMENTAL *(Continued)*

### USE OF RESOURCES

The Group is committed to use our resources efficiently in order to reduce our operating costs as well as the carbon footprint during the course of business. During the year, the two major resources used by the Group were indirect energy (i.e. electricity) and paper. As an environmental non-sensitive corporation, the Group primarily reduces (1) electricity consumption and (2) paper consumption in office in order to save the world-wide energy and forest by the following ways:

Reduction of electricity consumption	Reduction of paper consumption
– switching off the lights and air-conditioners when the conference/other rooms are not occupied.	– Increase in using of email instead of traditional faxing machine when receiving incoming document/message.
– buying energy-saved air-conditioners, copiers and other office appliances.	– Using recycled paper for internal use.
– setting “sleeping mode” for the unused copiers, faxing machine, computers and other office appliances.	– Using both size of paper for printing and copying.
– turning off the office appliances when the office hour is closed.	– Using “Think before you Print” approach before print.
– Raising the environmental awareness among staff.	

During the year, the electricity and paper usage has no material difference. The Group continues to closely monitor the use of resources and reports to the senior management. If necessary, appropriate action will be taken place to improve the efficiency for the use of resources.

### THE ENVIRONMENT AND NATURAL RESOURCES

Although the core business activities and operation of the Group has no significant impact on the environment and natural resources during the year, the Group believes that every business has its responsibilities to protect our planet, not limited to our woodlands, forests, trees, wild animals, fresh air, fresh water, etc.. The Group’s “Environmental Policy” was formally written to minimize adverse effect on environment during the course of business. The Group annually reviews and updates the Environmental Policy, if necessary. Also, the Group regularly assesses the environment risk of our business and adopts preventive measures in order to minimize the risks and ensure the compliance of relevant laws and regulations.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## SOCIAL

### EMPLOYMENT AND LABOUR PRACTICE

The Company's emolument policy is to ensure that the remuneration offered to employees based on each individual's skill, knowledge, responsibilities and involvement in the Company's affairs. The promotion and remuneration of the employees are subject to annual review. Remuneration package includes public holidays, annual leaves, mandatory provident fund, year-end bonus, maternity leave, study and examination leave, sick leave, family leave due to seriously health conditions for close relative, and bereavement leave.

The Group promotes equal opportunity of the employment. The Group aims diversity of workforce, including in terms of age, gender, personality, cultural and religious background. The Group strictly prohibits the employment of children or forced labor. The Group also prohibits discrimination or harassment based on religion, sex, age, disability, marital status or any other status protected by applicable law.

To balance the work-life, the Company holds some lunch gatherings near the traditional Chinese festivals like Lunar New Year, Mid-Autumn Festival and Winter Solstice Festival, etc..

During the year, the Group did not find any violations of laws and regulation relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

### WORKPLACE HEALTH AND SAFETY

The Group commits to provide a safe and healthy working environment as the Group believes that employees are the valuable assets of the Group. As the Group does not engage in high-risk industry, the management considers the occupational hazards are relatively small as compared to other high-risk construction industry.

The Group has adopted relevant provisions of the "Occupational Safety Health Regulation" under the "Occupational Safety and Health Ordinance, (Cap 509)" as a general guideline and practice for the Group to maintain a healthy and safe working environment for the employees.

During the year, the Group did not find any violations of laws and regulation relating to providing a safe working environment and protecting employees from occupational hazards.

### DEVELOPMENT AND TRAINING

The Group encourages employees for self-improvement through supplementary training courses or programs (not limited to job-related profession or degree/master in approved recognized educational institutions). The Group believes the continuous professional training facilitates employees in discharging duties at work. For this purpose, the Group grants study and exam leaves for the employees. In addition, the Group encourages employees to join the external seminar which is related to our business, law and regulations update.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## OPERATING PRACTICE

### **SUPPLY CHAIN MANAGEMENT**

The Group encourages our suppliers (mainly repairs sub-contractors) to maintain a high standard on business ethics and conducts, with satisfactory environmental and social performance. During the selection and evaluation processes of repairs workers/companies, the Group not only considers the cost, but also concerns if they are capable to finish the task on time without violating the environmental regulation especially handling repairs material waste. The Group ensures that all parties involved in the procurement process participate fairly, honestly and in good faith.

### **PRODUCT RESPONSIBILITY**

The Group commits to provide safe conditions of main structure of commercial shop and residential flats for the tenants. As we are not manufacturing company, disclosures relating to product responsibility, as set forth in the ESG Guide, are not applicable to the Group.

### **ANTI-CORRUPTION**

The Group aims to maintain the highest standards of openness, uprightness and accountability. The code of conduct on anti-corruption was previously set out. All our employees are expected to conduct themselves with integrity, impartiality and honesty. The Group does not tolerate any corruption, bribery, extortion, fraud and money laundering during the course of our business activities.

During the year, the Group did not find any cases that violated the relevant laws and regulations.

## COMMUNITY

### **COMMUNITY INVESTMENT**

Throughout the year, the Group continued encouraging its employees and directors to participate in volunteer services or activities held by the charities in their communities. Volunteer works are not limited to participating in the Flag Day, Raffle Day or other community events which help someone in need. The Group's employees and directors contributed about 125 hours of volunteer services during the year.



## DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Company and of the Group for the year ended 31 March 2017.

### PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries are property and share investments, property development and securities dealing. There were no significant changes in the nature of the activities during the year ended 31 March 2017.

An analysis of the Group's financial performance for the year by business segments is set out in note 6 to the financial statements.

### BUSINESS REVIEW

Discussion and analysis of the Group's principal activities are required by Schedule 5 of the Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, are included in the Chairman Statement set out in this Annual Report on pages 3 to 8. The discussion and analysis form part of this directors' report.

### RESULTS AND FINANCIAL POSITION

The results of the Group for the year ended 31 March 2017 and the financial position of the Company and of the Group at that date are set out in the financial statements on pages 35 to 76.

### DIVIDENDS

An interim dividend of HK\$0.02 per share totaling HK\$800,000 was paid during the year.

The directors now recommend that a final dividend of HK\$0.12 per share on 40,000,000 shares in issue totaling HK\$4,800,000 be payable in respect of the year ended 31 March 2017.

### SHARE CAPITAL

Particular of the movements in share capital of the Company are set out in note 25 to the financial statements.

### RESERVES

The movements in reserves of the Group and the Company during the year are set out in note 26 to the financial statements.

## DIRECTORS' REPORT

### DIRECTORS

The directors of the Company who held office during the year and up to the date of this report were:

#### **Executive directors\*:**

Ng Tai Wai

Ng Tai Yin, Victor

Ng See Wah (deceased on 30 March 2017)

#### **Non-executive directors\*:**

So Kwok Leung

So Kwok Wai, Benjamin

Ng Kwok Fun# (ceased to be an alternate director to the late Mr. Ng See Wah on 30 March 2017, and appointed as non-executive director on 23 June 2017)

#### **Independent non-executive directors:**

Loke Yu alias Loke Hoi Lam

Ng Chi Yeung, Simon

Chan Suit Fei, Esther

\* All executive and non-executive directors are also directors of all the subsidiary companies of the Company.

# Ms. Ng Kwok Fun was appointed as director of all the subsidiary companies of the Company with effect on 23 June 2017.

In accordance with articles 110 and 111 of the Company's articles of association, Mr. Ng Tai Yin, Victor, Dr. Ng Chi Yeung, Simon and Ms. Chan Suit Fei, Esther will retire by rotation and, being eligible, offer themselves for re-election.

In accordance with articles 115 of the company's articles of association, Ms. Ng Kwok Fun will retire, and being eligible, offer herself for re-election at the forthcoming annual general meeting.

The Company has received confirmation from each of the independent non-executive directors as regards their independence to the Company for the year and considers that each of the independent non-executive directors is independent to the Company.

The Board has also assessed the independence of Dr. Ng Chi Yeung, Simon and Ms. Chan Suit Fei, Esther, who have served the Board for more than nine years and are due for re-election at the forthcoming annual general meeting. Dr. Ng and Ms. Chan were appointed as independent non-executive directors in 1995 and 2004 respectively. Save for their roles as independent non-executive directors, they do not hold any executive or management role and do not involve in the daily management of the Company and the Group, nor are they in any relationship or circumstances which would interfere with the exercise of their independent judgment. They have provided a written confirmation of independence to the Company. The Board is satisfied that Dr. Ng and Ms. Chan meet the independence requirements of the Listing Rules notwithstanding the length of their service with the Company and believes that Dr. Ng and Ms. Chan are still independent and should be re-elected as independent non-executive directors at the forthcoming annual general meeting.

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2017, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the directors had taken or deemed to have under the provisions of the SFO) or which were recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code are as follows:

Name of Director	Personal interests	Number of issued ordinary shares held			Other interests	Total	Approximate percentage of issued share capital of the Company
		Family interests	Corporate interests				
<b>Executive directors:</b>							
Ng Tai Wai	3,899,077	–	3,370,500*	–	7,269,577	18.2%	
Ng Tai Yin, Victor	1,886,000	–	–	–	1,886,000	4.7%	
<b>Non-executive directors:</b>							
So Kwok Leung	5,961,077	–	–	–	5,961,077	14.9%	
So Kwok Wai, Benjamin	4,989,923	36,000	–	–	5,025,923	12.6%	

\* 3,370,500 shares attributable to Mr. Ng Tai Wai and Mr. Ng See Wah (deceased), a substantial shareholder, were held by Rheingold Holdings Limited, a company beneficially owned by Mr. Ng Tai Wai and Mr. Ng See Wah (deceased).

Save as disclosed above, none of the directors or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

None of the directors, their spouses or their children under the age of 18 had any right to subscribe for the shares of the Company.

### SUBSTANTIAL SHAREHOLDERS

As at 31 March 2017, the following person (other than certain directors of the company) had interest or short positions in the shares or underlying shares of the company which have rights to exercise or control the exercise of 5% or more of the voting power at any general meetings of the company, as recorded in the register required to be kept by the company pursuant to section 336 of the SFO:

Name	Personal interests	Number of issued ordinary shares held			Other interests	Total	Approximate percentage of issued share capital of the Company
		Family interests	Corporate interests				
Ng See Wah (deceased)	9,429,923	–	3,370,500*	–	12,800,423	32.0%	

\* 3,370,500 shares attributable to Mr. Ng Tai Wai, an executive director, and Mr. Ng See Wah (deceased) were held by Rheingold Holdings Limited, a company beneficially owned by Mr. Ng Tai Wai, an executive director, and Mr. Ng See Wah (deceased).

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS IN SECURITIES *(Continued)*

Save as disclosed above, according to the register kept by the company under section 336 of the SFO and so far as was known to the company, there was no other person who, as at 31 March 2017, had an interest or short position in the shares or underlying shares of the company.

### DIRECTORS' INTERESTS IN CONTRACTS, TRANSACTIONS AND ARRANGEMENTS

None of the directors had any direct or indirect interest in significant contract, transaction and arrangement with the Company or its subsidiaries during or at the end of the year.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

None of the directors had any arrangement with the Company or its subsidiaries to enable them to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate during or at the end of the year.

### MANAGEMENT CONTRACTS

None of the directors proposed for re-election at the forthcoming annual general meeting has any unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during or at the end of the year.

### 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 year under review.

### MAJOR CUSTOMERS AND SUPPLIERS

In relation to the Group's property leasing business, the percentages of gross rental income for the year ended 31 March 2017 attributable to the largest tenant and the five largest tenants in aggregate were 23% and 54% respectively.

None of the directors, their associates or any shareholders (who to the knowledge of the directors own more than 5% of the Company's issued capital) had any beneficial interests in the Group's five largest tenants.

The Group had no significant purchases during the year ended 31 March 2017.

### RETIREMENT SCHEME

Particulars of the retirement scheme are set out in note 4.10 to the financial statements.

## DIRECTORS' REPORT

### PUBLIC FLOAT

Based on the information that is publicly available and to the best of the knowledge of the directors, as at the date of this report there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

### AUDITORS

The Company's auditors, Messrs. Wong Brothers & Co., Certified Public Accountants, have acted as the Company's auditors for the preceding three years. A resolution for their re-appointment will be proposed at the forthcoming annual general meeting.

On behalf of the Board

**Ng Tai Wai**

*Chairman*

Hong Kong, 23 June 2017

## DIRECTORS AND SENIOR MANAGEMENT

### EXECUTIVE DIRECTORS

**Mr. Ng Tai Wai**, aged 56, was appointed on 2 November 1987 as a director of the Company. He is also a member of the remuneration committee and the corporate governance committee of the Company. Following the decease of Mr. Ng See Wah, the past Chairman and executive director of the Company, Mr. Ng Tai Wai was appointed as the Chairman of the Company with effect from 31 March 2017. He takes all the responsibilities for the development of the corporate strategy and policy and the overall management of the Group. He has extensive experience in property development and investment and securities investment during his past tenure. He is also responsible for the financial and risk management of the Group. He is the son of the late Mr. Ng See Wah, the past chairman and executive director, and a substantial shareholder of the Company. He is also the elder brother of Mr. Ng Tai Yin, Victor, an executive director of the Company and the younger brother of Ms. Ng Kwok Fun, a non-executive director. In addition, he is a director and shareholder of Rheingold Holdings Limited, a company holding 3,370,500 shares of the Company.

**Mr. Ng Tai Yin, Victor**, aged 52, was appointed as a non-executive director of the Company on 27 March 2008 and re-designated as an executive director of the Company on 9 March 2010. He was appointed as a member of the nomination committee of the Company on 13 March 2012. He holds a Bachelor Degree of Applied Science from University of Regina, Canada. He has over 20 years of experience in property management as well as information technology. He is responsible for the general administration, information technology and financial management of the Group. He is currently a director of several private companies with major businesses in property investment and property management. He is the son of the late Mr. Ng See Wah, the past chairman and executive director, and a substantial shareholder of the Company. He is also the younger brother of Mr. Ng Tai Wai, the current chairman and executive director of the Company, and Ms. Ng Kwok Fun, non-executive director.

### NON-EXECUTIVE DIRECTORS

**Mr. So Kwok Leung**, aged 59, was appointed on 28 October 1985 as a director of the Company. He was appointed as a member of the corporate governance committee of the Company on 13 March 2012. In previous years, he was responsible for the sale of properties developed by the Group. He is the elder brother of Mr. So Kwok Wai, Benjamin, a non-executive director of the Company.

**Mr. So Kwok Wai, Benjamin**, aged 54, was appointed on 9 March 2010 as non-executive director and a member of the audit committee of the Company. He holds a Bachelor Degree of Business Administration in Management Information Systems and a Master Degree of Science in Computer Science from Eastern Washington University, U.S.A. He has over 19 years of experience in business development and systems design, as well as property investments and management related areas. He is currently a director of several private companies. He is the younger brother of Mr. So Kwok Leung, a non-executive director of the Company.

**Ms. Ng Kwok Fun**, aged 58, was an alternate director to the late Mr. Ng See Wah, the past chairman and executive director of the Company from 21 October 2009 to 30 March 2017. She was appointed as a non-executive director and a member of the corporate governance committee of the Company on 23 June 2017. She holds a Bachelor Degree of Science from University of Toronto, majoring in Computer Science and Commerce. She has over 28 years of experience in information technology field providing system consultation and development services in various business. She is the daughter of the late Mr. Ng See Wah, the past chairman and executive director, and a substantial shareholder of the Company, and the elder sister of Mr. Ng Tai Wai, the current chairman, and Mr. Ng Tai Yin, Victor, both are executive directors of the Company. She has personal interests in 105,000 shares of the Company within the meaning of Part XV of the SFO, representing 0.26% of the entire issued share capital of the Company.

## DIRECTORS AND SENIOR MANAGEMENT

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Dr. Loke Yu alias Loke Hoi Lam**, aged 67, was appointed as independent non-executive director of the Company on 2 April 2007. He is the chairman of the audit committee and the corporate governance committee of the Company. He is also a member of the remuneration committee and the nomination committee of the Company. He has over 43 years' experience in accounting and auditing for private and public companies, financial consultancy and corporate management. He holds a Master of Business Administration Degree from Universiti Teknologi Malaysia and a Doctor of Business Administration Degree from University of South Australia. Dr. Loke is a fellow member of The Institute of Chartered Accountants in England & Wales; The Hong Kong Institute of Certified Public Accountants; The Hong Kong Institute of Chartered Secretaries and The Hong Kong Institute of Directors. He is currently the company secretary of Minth Group Limited and serves as an independent non-executive director of V1 Group Limited, Matrix Holdings Limited, China Beidahuang Industry Group Holdings Limited, China Fire Safety Enterprise Group Limited, Chiho-Tiande Group Limited, SCUD Group Limited, Zhong An Real Estate Limited, Tianjin Development Holdings Limited, China Household Holdings Limited, Tianhe Chemicals Group Limited, Lamtex Holdings Limited (formerly known as China New Energy Power Group Limited), Forebase International Holdings Company Limited, Hang Sang (Siu Po) International Holding Company Limited and Hong Kong Resources Holdings Company Limited, all of which are companies listed on The Stock Exchange of Hong Kong Limited.

**Dr. Ng Chi Yeung, Simon**, aged 59, is qualified as a solicitor in Hong Kong, England and Wales, an advocate and solicitor in Singapore, and a barrister in the Australian Capital Territory. He is a solicitor of Rowland Chow, Chan & Co., a law firm in Hong Kong. He is also an independent non-executive director of China Internet Investment Finance Holdings Limited and Century Sage Scientific Holdings Limited, all of which are companies listed on The Stock Exchange of Hong Kong Limited. Dr. Ng holds a Bachelor Degree from the Manchester Metropolitan University in the United Kingdom and a Master Degree in Chinese and Comparative Law and a Doctor Degree from the Robert E. Webber Institutes for Worship Studies. He has been appointed as independent non-executive director of the Company since 1 October 1995. He is also the chairman of the remuneration committee and a member of the audit committee, the nomination committee and the corporate governance committee of the Company.

**Ms. Chan Suit Fei, Esther**, aged 59, is an associate member of The Hong Kong Institute of Company Secretaries and holds a higher diploma in Company Secretary and Administration from The Hong Kong Polytechnic University. She is a chartered secretary and has over 36 years' experience in corporate advisory services and secretarial practice. She is currently a director of a secretarial service company. She has been appointed as independent non-executive director of the Company since 28 September 2004. She is the chairman of the nomination committee and a member of the audit committee, the remuneration committee and the corporate governance committee of the Company.

### COMPANY SECRETARY

**Ms. Mimoona Ma**, aged 43, was appointed as the qualified accountant and company secretary of the Company on 1 October 2004 and 12 July 2006 respectively. She holds a Bachelor Degree in Business Administration, and is a fellow member of the Association of Chartered Certified Accountants and a certified public accountant of the Hong Kong Institute of Certified Public Accountants. She has a number of years of experience in auditing, taxation and accounting services. She is the Head of the Accounting Department and is responsible for financial management and reporting, risk management and reviewing the Group's internal controls.

# INDEPENDENT AUDITORS' REPORT

## Independent Auditors' Report to the Members of

### **WINFAIR INVESTMENT COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

## OPINION

We have audited the consolidated financial statements of Winfair Investment Company Limited ("the company") and its subsidiaries ("the Group") set out on pages 35 to 76 which comprise the consolidated statement of financial position as at 31 March 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance ("the Companies Ordinance").

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit for the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. The matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



## INDEPENDENT AUDITORS' REPORT

### KEY AUDIT MATTERS *(Continued)*

#### **Valuation of investment properties/properties held for or under development**

*(Refer to notes 15 and 16 to the consolidated financial statements)*

The Key Audit Matter	How the matter was addressed in our audit
<p>As at 31 March 2017, the fair values of the Group's investment properties and properties held for or under development (collectively known as the "Properties") were HK\$602,800,000 and HK\$15,100,000 respectively, which were revalued by an independent firm of professional surveyors by using direct comparison approach with reference to comparable property transaction.</p> <p>We identified valuation of the Group's Properties as a key audit matter because of their significance to the consolidated accounts and because the determination of the fair values involves significant judgement and estimation, particularly in selecting the appropriate valuation methodology.</p>	<p>Our audit procedures to assess the valuation of the Properties included the following:</p> <ul style="list-style-type: none"> <li>– Obtaining and inspecting the valuation report prepared by the external property valuer;</li> <li>– Evaluating the independence, qualifications, expertise and objectivity of the external property valuer;</li> <li>– Discussing the valuation methodologies and adjustment factors used; and</li> <li>– Comparing the estimated sales price of similar properties in the comparable market.</li> </ul>

### OTHER INFORMATION

The directors of the company are responsible for the other information. The other information comprises all the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

# INDEPENDENT AUDITORS' REPORT

## RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

The directors of the company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

## INDEPENDENT AUDITORS' REPORT

### AUDITOR'S RESPONSIBILITIES FOR AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

*(Continued)*

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and whether applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner of the audit resulting in this independent auditor's report is Chow Chan Lum, Charles.

**Wong Brothers & Co.**

*Certified Public Accountants*  
1902, China Evergrande Centre,  
38 Gloucester Road  
Wanchai  
Hong Kong

Hong Kong, 23 June 2017

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

FOR THE YEAR ENDED 31 MARCH 2017

		<b>2017</b>	2016
	Notes	<b>HK\$</b>	HK\$
<b>Revenue</b>	7	<b>26,282,786</b>	25,596,390
Other revenue	8	<b>219,676</b>	222,360
Other net income/(loss)	8	<b>17,799,721</b>	(19,197,942)
Fair value gain on investment properties		<b>16,300,000</b>	6,790,000
Administrative and general expenses		<b>(6,674,096)</b>	(6,742,196)
Finance cost		<b>(594,015)</b>	(613,791)
<b>Profit before taxation</b>	9	<b>53,334,072</b>	6,054,821
Taxation	12	<b>(2,385,403)</b>	(2,331,989)
<b>Profit after taxation attributable to the equity shareholders of the company</b>		<b>50,948,669</b>	3,722,832
<b>Earnings per share (Basic and diluted)</b>	13	<b>HK\$1.27</b>	HK\$0.09

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 MARCH 2017

	2017	2016
	HK\$	HK\$
<b>Profit for the year</b>	<b>50,948,669</b>	3,722,832
<b>Other comprehensive income for the year</b>		
<i>Items that will not be classified subsequently to profit or loss</i>		
Impairment losses on available-for-sale financial assets recognised in profit or loss	-	7,940,000
<i>Items that may be reclassified subsequently to profit or loss</i>		
Increase/(decrease) in fair value of available-for-sale financial assets	<b>15,758,838</b>	(15,701,770)
Release of fair value reserve upon disposal of available-for-sale financial assets	<b>(4,554,638)</b>	(838,590)
	<b>11,204,200</b>	(8,600,360)
<b>Total comprehensive income, net of tax, for the year attributable to equity shareholders of the company</b>	<b>62,152,869</b>	(4,877,528)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 31 MARCH 2017

	Notes	2017		2016	
		HK\$	HK\$	HK\$	HK\$
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	14		<b>1,788,344</b>		1,860,385
Investment properties	15		<b>602,800,000</b>		586,500,000
Properties held for or under development	16		<b>15,100,000</b>		12,410,000
Available-for-sale financial assets – equity shares listed in Hong Kong	17		<b>107,551,460</b>		98,752,928
			<b>727,239,804</b>		699,523,313
<b>Current assets</b>					
Trading securities – equity shares listed in Hong Kong			<b>59,250,891</b>		49,895,681
Trade and other receivables	19		<b>2,240,651</b>		5,102,851
Tax recoverable			<b>26,403</b>		–
Cash and bank balances	20		<b>54,241,232</b>		33,801,458
			<b>115,759,177</b>		88,799,990
<b>Current liabilities</b>					
Trade and other payables	21		<b>6,362,017</b>		5,375,994
Bank borrowings – secured	22		<b>24,384,400</b>		26,314,000
Tax payable			<b>112,162</b>		208,510
Provision for long service payments	23		<b>–</b>		951,000
			<b>(30,858,579)</b>		(32,849,504)
<b>Net current assets</b>			<b>84,900,598</b>		55,950,486
<b>Total assets less current liabilities</b>			<b>812,140,402</b>		755,473,799
<b>Non-current liabilities</b>					
Provision for long service payments	23		<b>118,000</b>		118,000
Deferred taxation	24		<b>910,615</b>		842,694
			<b>(1,028,615)</b>		(960,694)
<b>NET ASSETS</b>			<b>811,111,787</b>		754,513,105
<b>CAPITAL AND RESERVES</b>					
Share capital	25		<b>40,000,000</b>		40,000,000
Reserves	26		<b>771,111,787</b>		714,513,105
			<b>811,111,787</b>		754,513,105

Approved by the board of directors on 23 June 2017

**Ng Tai Wai**  
Director

**So Kwok Leung**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	Attributable to equity shareholders of the company				
	Share capital HK\$	Capital reserve HK\$	Fair value reserve HK\$	Retained profits HK\$	Total HK\$
<b>At 1 April 2015</b>	40,000,000	251,046	38,311,306	686,383,068	764,945,420
Profit for the year	-	-	-	3,722,832	3,722,832
Other comprehensive income for the year					
<i>Items that will not be classified subsequently to profit or loss</i>					
- Impairment losses on available-for-sale financial assets	-	-	7,940,000	-	7,940,000
<i>Items that may be reclassified subsequently to profit or loss</i>					
- Decrease in fair value of available-for-sale financial assets	-	-	(15,701,770)	-	(15,701,770)
- Release of fair value reserve upon disposal of available-for-sale financial assets	-	-	(838,590)	-	(838,590)
Total comprehensive income for the year	-	-	(8,600,360)	3,722,832	(4,877,528)
Dividends paid					
- 2014/15 final dividend (HK\$0.12 per share)	-	-	-	(4,800,000)	(4,800,000)
- 2015/16 interim dividend (HK\$0.02 per share)	-	-	-	(800,000)	(800,000)
Unclaimed dividend forfeited	-	-	-	45,213	45,213
<b>At 31 March 2016 and 1 April 2016</b>	<b>40,000,000</b>	<b>251,046</b>	<b>29,710,946</b>	<b>684,551,113</b>	<b>754,513,105</b>
Profit for the year	-	-	-	50,948,669	50,948,669
Other comprehensive income for the year					
<i>Items that may be reclassified subsequently to profit or loss</i>					
- Increase in fair value of available-for-sale financial assets	-	-	15,758,838	-	15,758,838
- Release of fair value reserve upon disposal of available-for-sale financial assets	-	-	(4,554,638)	-	(4,554,638)
Total comprehensive income for the year	-	-	11,204,200	50,948,669	62,152,869
Dividends paid					
- 2015/16 final dividend (HK\$0.12 per share)	-	-	-	(4,800,000)	(4,800,000)
- 2016/17 interim dividend (HK\$0.02 per share)	-	-	-	(800,000)	(800,000)
Unclaimed dividend forfeited	-	-	-	45,813	45,813
<b>At 31 March 2017</b>	<b>40,000,000</b>	<b>251,046</b>	<b>40,915,146</b>	<b>729,945,595</b>	<b>811,111,787</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 HK\$	2016 HK\$
<b>Operating activities</b>			
Profit before taxation		53,334,072	6,054,821
Adjustments for:			
Gain on disposal of available-for-sale financial assets		(6,355,753)	(1,551,615)
Fair value gain on properties held for or under development		(2,290,501)	(10,000)
Fair value (gain)/loss on trading securities		(9,153,467)	12,819,557
Fair value gain on investment properties		(16,300,000)	(6,790,000)
Impairment losses on available-for-sale financial assets		-	7,940,000
Holding loss on trading securities realised		(184,088)	(20,330)
Interest income		(91,676)	(103,560)
Interest expenses		594,015	613,791
Provision for long service payments		7,922	13,000
Depreciation		80,987	81,172
Loss on disposal of property, plant and equipment		7,854	2,303
Operating profit before working capital changes		19,649,365	19,049,139
Increase in trading securities		(17,655)	(14,624,305)
Decrease in trade and other receivables		2,862,200	2,535,783
Increase in trade and other payables		1,031,836	354,519
Decrease in provision for long service payments		(958,922)	-
Cash generated from operations		22,566,824	7,315,136
Profits tax paid		(2,440,233)	(2,691,796)
<b>Net cash generated from operating activities</b>		<b>20,126,591</b>	<b>4,623,340</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(16,800)	(7,550)
Increase in properties held for or under development		(399,499)	(100,000)
Purchase of available-for-sale financial assets		(1,596,109)	(18,184,361)
Proceeds from disposal of available-for-sale financial assets		10,357,530	2,295,025
Interest received		91,676	103,560
<b>Net cash generated from/(used in) investing activities</b>		<b>8,436,798</b>	<b>(15,893,326)</b>
<b>Financing activities</b>			
Repayment of bank borrowings		(1,929,600)	(1,929,600)
Dividends paid		(5,600,000)	(5,600,000)
Interest paid		(594,015)	(613,791)
<b>Net cash used in financing activities</b>		<b>(8,123,615)</b>	<b>(8,143,391)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>20,439,774</b>	<b>(19,413,377)</b>
Cash and cash equivalents at beginning of year		33,801,458	53,214,835
<b>Cash and cash equivalents at end of year, equivalent to cash and bank balances</b>	20	<b>54,241,232</b>	<b>33,801,458</b>



# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 1. GENERAL INFORMATION

The company is a limited liability company incorporated in Hong Kong and the address of its registered office and principal place of business is disclosed in the corporate information section of the annual report.

The principal activities of the company and its subsidiaries are property and share investments, property development and securities dealings.

## 2. BASIS OF PREPARATION

The financial statements have been prepared on the historical cost convention, as modified by the fair value of investment properties, properties held for or under development, available-for-sale financial assets and trading securities, and in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and accounting principles generally accepted in Hong Kong. The financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance (“the Companies Ordinance”) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”).

## 3. ADOPTION OF NEW AND REVISED HKFRSs

In the current year, the group has applied, for the first time the following amendments and improvements to HKFRSs and interpretation to accounting standard issued by the HKICPA which are effective for the group’s financial year beginning on 1 April 2016:

HKAS 1 (Amendments)	Presentation of Financial Statements – Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements
Annual improvements to HKFRSs 2012-2014 Cycle	

The application of amendments and improvements to HKFRSs and interpretation in the current year has no material impact on the group’s financial position and results for the current and prior years.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 3. ADOPTION OF NEW AND REVISED HKFRSs *(Continued)*

### STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT EFFECTIVE

The HKICPA has issued the following new and revised standards, improvements and amendments which are not effective for the group's and the company's financial statements for the year ended 31 March 2017:

		<b>Effective for accounting periods beginning on or after</b>
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment transactions	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKAS 7 (Amendments)	Statement of Cash Flows – Disclosure Initiative	1 January 2017
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

The group has not early adopted any new or revised standards, improvements or amendments that are not effective for the current accounting year.

The group is in the process of making an assessment of the impact of these new and revised standards, improvements and amendments to standards and is not yet in a position to state the impact on the group's results and financial position upon adoption.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 4.1 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the company and all subsidiaries made up to 31 March 2017. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective date of acquisition or disposal respectively.

Inter-company transactions, balances and unrealised gains on transaction between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiary companies have been changed where necessary in the consolidated accounts to ensure consistency with the policies adopted by the group.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 4.2 SUBSIDIARIES

A subsidiary is an entity (including a structured entity) over which the group has control. The group controls an entity when the group is exposed to, or has rights, to variable returns from the involvement with entity and has ability to affect those returns through its power over the entity. When assessing whether the group has power, only substantive rights (held by the group and other parties) are considered.

Investments in subsidiaries in the company's statement of financial position are stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale). Results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

The company only provides financial support and guarantee to its wholly owned subsidiaries in order to enhance the returns for shareholders and to reduce the cost of capital.

Impairment testing of the investments in subsidiaries is required if the carrying amount of the investment in separate financial statements exceeds the carrying amount of its net assets, including goodwill, in the consolidated financial statements. Provision for impairment loss is recognised in accordance with the accordingly policy in note 4.6.

### 4.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less aggregate depreciation and impairment losses where appropriate. The cost of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the assets, the expenditure is capitalised as an additional cost of the assets. When assets are sold or retired, their cost and aggregate depreciation/impairment losses are eliminated from the accounts and any gain or loss resulting from their disposal is included in profit or loss.

Depreciation is provided to write off the cost less residual value of each property, plant and equipment, over its expected useful life at the following annual rates and methods:-

Leasehold building	- 2.5% straight-line basis
Leasehold land	- over the lease term on a straight-line basis
Leasehold improvement	- 10% reducing balance method
Furniture, fixtures and equipment	- 10% reducing balance method

### 4.4 INVESTMENT PROPERTIES

Investment properties are land and/or buildings which are owned or held under leasehold interest to earn rental income and/or for capital appreciation, and stated at fair values. Gains or losses arising from the changes in the fair values are taken to profit or loss. All property interests held under operating leases, which would otherwise meet the definition of investment properties, are classified and accounted for as investment properties.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction. Investment properties under construction are measured at fair value at the end of the reporting period. Any difference between the fair value of the investment properties under construction and their carrying amount is recognised in profit or loss in the period in which they arise.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 4.4 INVESTMENT PROPERTIES *(Continued)*

Gain or loss on retirement or disposal of an investment property is determined as the difference between the net disposal proceeds and the carrying amount, and is recognised in profit or loss in the period of retirement or disposal.

### 4.5 PROPERTIES HELD FOR OR UNDER DEVELOPMENT

Properties held for or under development are properties being constructed or developed for future use as investment properties, and stated at fair value, when their fair values become reliably determinable. Otherwise, they are stated at cost less impairment loss where appropriate. Gains or losses arising from the changes in the fair values are taken to profit or loss.

### 4.6 IMPAIRMENT OF ASSETS

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that tangible and intangible assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

An impairment loss is reversed if there has been a change in the estimates resulting in an increase of the recoverable amount. A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

### 4.7 INVESTMENTS IN EQUITY SECURITIES

The group's policies for investments in equity securities, other than investments in subsidiaries are as follows:

#### – **TRADING SECURITIES**

Trading securities are held by the group for short-term or designated as such upon acquisition, except those do not have a quoted market price in an active market and whose fair value cannot be reliably measured. They are carried at fair value in the statement of financial position and changes therein are recognised in profit or loss. When the share investments are sold, the gain or loss representing the difference between the net disposal proceeds and the carrying amount of the share investments is recognised in profit or loss in the period of disposal. The net gain or loss recognised in profit or loss does not include any dividends earned on these investments as they are recognised in accordance with the accounting policies set out in note 4.16.

#### – **AVAILABLE-FOR-SALE FINANCIAL ASSETS**

Available-for-sale financial assets are share investments, other than investments in subsidiaries, held for long-term or designated as such on initial acquisition. They are initially measured at fair value plus transaction costs, and thereafter at the end of each reporting period the fair value is re-measured. Changes in the fair value are recognised in other comprehensive income and transferred to the fair value reserve. When the share investments are sold, the difference between the net sale proceeds and the carrying value, and the accumulated fair value adjustments recognised in other comprehensive income and retained in the fair value reserve are reclassified from the fair value reserve to profit or loss as a reclassification adjustment.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 4.7 INVESTMENTS IN EQUITY SECURITIES *(Continued)*

#### – **AVAILABLE-FOR-SALE FINANCIAL ASSETS** *(Continued)*

The group assesses at the end of each reporting period whether there is objective evidence that the available-for-sale financial assets are impaired. A significant or prolonged decline in the fair value of the shares below their cost is considered as an indicator to determine whether the shares are impaired. If any such evidence exists, the cumulative losses (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) are reclassified from the fair value reserve to profit or loss. Such losses shall not be reversed through profit or loss.

All regular way purchases and sales of investments in equity securities are recognised on trade date. Regular way purchases or sales are purchases or sales of investments in equity securities that require delivery of assets within the period generally established by regulation or convention in the marketplace.

### 4.8 TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using effective interest method, less allowance for impairment of doubtful debts.

An allowance for impairment of doubtful debts of trade and other receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Objective evidence of impairment includes observable data that comes to the attention of the group about one or more of the following loss events:

- significant financial difficulty of the debtors;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological market, economic or legal environment that have an adverse effect on the debtor.

The amount of the provision is the difference between the carrying amount of the assets and the present value of estimated future cash flows, discounted at the effective interest rate, except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts. The amount of the provision is recognised in profit or loss.

### 4.9 CASH AND CASH EQUIVALENTS

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### 4.10 EMPLOYEE BENEFITS

Salaries and other short-term employee benefits are recognised as an expense in the period during which the employees render services to the group.

The group operates a mandatory provident fund scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all eligible employees. The scheme is a defined contribution scheme administered by independent trustees. Under the scheme, the employer and employees are required to make contributions to the scheme at 5% of the employees' relevant income, subject to a maximum of monthly contribution of HK\$1,500. Contributions to the scheme vest immediately and are recognised as an expense in profit or loss as incurred.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 4.11 INTEREST-BEARING BANK BORROWINGS

Interest-bearing bank borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing bank borrowings are stated at amortised cost with any difference between the cost and the redemption value being recognised in profit or loss over the period of the bank borrowings using the effective interest method, unless the effect is insignificant.

Interest-bearing bank borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liabilities for at least 12 months after the end of reporting period.

### 4.12 TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 4.14, trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

### 4.13 TAXATION

Taxation represents the sum of the current income tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit or loss as reported because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted in full, using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are not recognised for taxable temporary differences arising on investments in subsidiaries where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, and taxable temporary differences arising on the initial recognition (other than in a business combination) of assets and liabilities that affects neither the taxable profit nor the accounting profit.

Where investment properties and properties held for or under development are carried at their fair value in accordance with the accounting policy set out in note 4.4 and note 4.5, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the end of reporting period unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax and liabilities are not discounted.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 4.13 TAXATION *(Continued)*

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. It is charged or credited to profit or loss, except when it relates to items recognised in other comprehensive income.

### 4.14 FINANCIAL GUARANTEES ISSUED

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued are measured initially at fair value and subsequently stated at the higher of (i) the amount initially recognised, where appropriate, less accumulated amortisation recognised over the life of the guarantee on a straight-line basis, if appropriate; and (ii) the amount of the provision, if any, that should be recognised in accordance with HKAS 37 "Provision, Contingent Liabilities and Contingent Assets".

### 4.15 PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised for liabilities of uncertain timing or amount when the group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### 4.16 REVENUE RECOGNITION

Net result of trading in securities is recognised on trade date basis.

Rental income from investment properties under operating leases is recognised on a straight-line basis over the lease term.

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

Interest income on bank deposits is recognised on a time proportion basis.

### 4.17 BORROWING COSTS

Borrowing costs that are attributable to the acquisition, construction, or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 4.18 RELATED PARTIES

- (i) A person, or a close member of that person's family is related to the group if that person:
  - (a) has control or joint control of the group;
  - (b) has significant influence over the group; or
  - (c) is a member of the key management personnel of the group or the group's parent.
- (ii) An entity is related to the group if any of the following conditions applies:
  - (a) the entity and the group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (b) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (c) both entities are joint ventures of the same third party.
  - (d) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (e) the entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the group.
  - (f) the entity is controlled or jointly controlled by a person identified in (i).
  - (g) a person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (h) The entity, or any member of the group of which it is a part, provides key management personnel services to the group.

### 4.19 SEGMENT REPORTING

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the group's most senior executive management, the chief operating decision maker, for the purposes of allocating resources to and assessing the performance of, the group's various lines of business.



# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These judgements, estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

These judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

#### **ESTIMATE OF FAIR VALUE OF INVESTMENT PROPERTIES/PROPERTY HELD FOR OR UNDER DEVELOPMENT**

The best evidence of fair value is current prices in an active market for similar lease and other contracts. The fair value of investment properties and property held for or under development are determined by RHL Appraisal Limited, an independent firm of professional surveyors, on open market basis with reference to comparable market transaction. Valuation report is conducted twice per year based on the group's reporting period end and reported to the management.

The directors will review the property valuation movements when compared to the prior year valuation report and the reasonableness of the market value estimates. The principal assumptions underlying the directors' estimation of fair value are those related to, namely the receipt of contractual rentals, expected future market rentals, void periods, maintenance requirements, and appropriate discount rates. The valuations are regularly compared to actual market yield data and actual transaction by the group and those reported by the market. Details of valuation techniques and inputs in determining the fair value are disclosed in note 33 to the financial statements.

## 6. SEGMENT INFORMATION

For the purpose of assessing segment performance and making decision about operating matters, the group's chief operating decision maker based on the internal reports about operating segments of the group to allocate resources and assess their performance and manage the group's reportable segments.

The group regards the Executive Directors as the chief operating decision maker.

The principal activities of each segment are as follows:

Securities investment	– securities investment for short-term and long-term
Property leasing	– letting properties
Property development	– developing properties

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 6. SEGMENT INFORMATION (Continued)

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

	Securities investments		Property leasing		Property development		Consolidated total	
	2017	2016	2017	2016	2017	2016	2017	2016
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<b>STATEMENT OF PROFIT OR LOSS</b>								
Segment revenue – from external customer	<b>7,193,727</b>	6,798,027	<b>19,089,059</b>	18,798,363	-	-	<b>26,282,786</b>	25,596,390
Segment results	<b>14,745,036</b>	(7,598,977)	<b>15,244,174</b>	14,980,813	<b>76,735</b>	57,903	<b>30,065,945</b>	7,439,739
Gain on disposal of available-for-sale financial assets	<b>6,355,753</b>	1,551,615	-	-	-	-	<b>6,355,753</b>	1,551,615
Fair value gain on investment properties	-	-	<b>16,300,000</b>	6,790,000	-	-	<b>16,300,000</b>	6,790,000
Fair value gain on properties held for or under development	-	-	-	-	<b>2,290,501</b>	10,000	<b>2,290,501</b>	10,000
Impairment losses on available-for-sale financial assets	-	(7,940,000)	-	-	-	-	-	(7,940,000)
Results before interest, tax and corporate expenses	<b>21,100,789</b>	(13,987,362)	<b>31,544,174</b>	21,770,813	<b>2,367,236</b>	67,903	<b>55,012,199</b>	7,851,354
Interest income							<b>91,676</b>	103,560
Interest expense							<b>(594,015)</b>	(613,791)
Unallocated corporate expenses							<b>(1,175,788)</b>	(1,286,302)
<b>Profit before taxation</b>							<b>53,334,072</b>	6,054,821
Taxation							<b>(2,385,403)</b>	(2,331,989)
<b>Profit after taxation</b>							<b>50,948,669</b>	3,722,832

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.

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

The group's customer base is diversified and includes one tenant of leasing properties with whom transactions have exceeded 10% of the group's revenues amounted to approximately HK\$4.5 million (2016: HK\$4.4 million).

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 6. SEGMENT INFORMATION (Continued)

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

	Securities investments		Property leasing		Property development		Consolidated total	
	2017	2016	2017	2016	2017	2016	2017	2016
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<b>STATEMENT OF FINANCIAL POSITION</b>								
<b>Assets</b>								
Segment assets	169,117,694	151,109,274	607,465,406	593,862,649	15,136,046	12,446,737	791,719,146	757,418,660
Tax recoverable	-	-	26,403	-	-	-	26,403	-
	169,117,694	151,109,274	607,491,809	593,862,649	15,136,046	12,446,737	791,745,549	757,418,660
Unallocated corporate assets							51,253,432	30,904,643
<b>Consolidated total assets</b>							<b>842,998,981</b>	<b>788,323,303</b>
<b>Liabilities</b>								
Segment liabilities	720,047	702,546	28,997,559	30,909,653	81,500	83,000	29,799,106	31,695,199
Tax payable and deferred taxation	-	-	1,022,763	1,050,834	14	370	1,022,777	1,051,204
	720,047	702,546	30,020,322	31,960,487	81,514	83,370	30,821,883	32,746,403
Unallocated corporate liabilities							1,065,311	1,063,795
<b>Consolidated total liabilities</b>							<b>31,887,194</b>	<b>33,810,198</b>
<b>OTHER INFORMATION</b>								
Capital expenditure	-	2,572	16,800	4,978	399,499	100,000	416,299	107,550
Purchase of available-for-sale financial assets	1,596,109	18,184,361	-	-	-	-	1,596,109	18,184,361
Loss on disposal of property, plant and equipment	-	2,050	7,854	253	-	-	7,854	2,303
Depreciation	1,258	1,397	79,729	79,775	-	-	80,987	81,172
Fair value gain/(loss) on trading securities	9,153,467	(12,819,557)	-	-	-	-	9,153,467	(12,819,557)
Fair value gain/(loss) on available-for-sale financial assets	15,758,838	(15,701,770)	-	-	-	-	15,758,838	(15,701,770)
Impairment losses on available-for-sale financial assets	-	7,940,000	-	-	-	-	-	7,940,000

Segment assets principally comprise all tangible assets and current assets directly attributable to each segment with the exception of certain corporate assets (including fixed deposits and bank accounts). Segment liabilities include all liabilities and borrowing directly attributable to and managed by each segment with the exception of certain corporate liabilities.

**NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2017

**7. REVENUE**

	2017	2016
	HK\$	HK\$
Gross rental income from investment properties	<b>19,089,059</b>	18,798,363
Dividend income from share investments listed in Hong Kong		
– trading securities	<b>2,630,392</b>	2,638,018
– available-for-sale financial assets	<b>4,324,507</b>	4,009,682
	<b>6,954,899</b>	6,647,700
Net result of trading in securities	<b>238,828</b>	150,327
	<b>26,282,786</b>	25,596,390

**8. OTHER REVENUE AND OTHER NET INCOME/(LOSS)**

	2017	2016
	HK\$	HK\$
<b>Other revenue</b>		
Bank interest income	<b>91,676</b>	103,560
Sundry income	<b>128,000</b>	118,800
	<b>219,676</b>	222,360
<b>Other net income/(loss)</b>		
Gain on disposal of available-for-sale financial assets	<b>6,355,753</b>	1,551,615
Fair value gain/(loss) on trading securities	<b>9,153,467</b>	(12,819,557)
Fair value gain on properties held for or under development	<b>2,290,501</b>	10,000
Impairment losses on available-for-sale financial assets	–	(7,940,000)
	<b>17,799,721</b>	(19,197,942)

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

### 9. PROFIT BEFORE TAXATION

	2017	2016
	HK\$	HK\$
<b>Profit before taxation is stated after charging:</b>		
Auditors' remuneration		
– audit services	<b>268,000</b>	247,000
– taxation services	<b>27,000</b>	24,000
– interim review	<b>44,000</b>	42,000
– other non-audit professional services provided by affiliated company	<b>94,986</b>	81,332
Depreciation	<b>80,987</b>	81,172
Direct operating expenses in respect of investment properties		
– that generated rental income	<b>613,453</b>	595,769
– that did not generate rental income	<b>28,823</b>	34,724
Interest on bank borrowings	<b>594,015</b>	613,791
Loss on disposal of property, plant and equipment	<b>7,854</b>	2,303
Impairment losses on available-for-sale financial assets	<b>–</b>	7,940,000

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 10. DIRECTORS' REMUNERATION

Directors' emoluments disclosed pursuant to section 383(1) of the Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2017			
	Other emoluments			Total HK\$
	Fees	Salaries	Mandatory provident fund contribution	
	HK\$	HK\$	HK\$	
Executive directors –				
Ng Tai Wai	90,000	632,982	18,000	740,982
Ng Tai Yin, Victor	90,000	486,038	18,000	594,038
Ng See Wah (ii)	90,000	2,795,263 <sup>(i)</sup>	–	2,885,263
Non-executive directors –				
So Kwok Leung	90,000	–	–	90,000
So Kwok Wai, Benjamin	90,000	–	–	90,000
Independent non-executive directors –				
Loke Yu alias Loke Hoi Lam	90,000	–	–	90,000
Ng Chi Yeung, Simon	90,000	–	–	90,000
Chan Suit Fei, Esther	90,000	–	–	90,000
	<b>720,000</b>	<b>3,914,283</b>	<b>36,000</b>	<b>4,670,283</b>
	2016			
	Other emoluments			
	Fees	Salaries	Mandatory provident fund contribution	Total
	HK\$	HK\$	HK\$	HK\$
Executive directors –				
Ng Tai Wai	90,000	632,982	18,000	740,982
Ng Tai Yin, Victor	90,000	486,038	18,000	594,038
Ng See Wah (ii)	90,000	1,362,382	–	1,452,382
Non-executive directors –				
So Kwok Leung	90,000	–	–	90,000
So Kwok Wai, Benjamin	90,000	–	–	90,000
Independent non-executive directors –				
Loke Yu alias Loke Hoi Lam	90,000	–	–	90,000
Ng Chi Yeung, Simon	90,000	–	–	90,000
Chan Suit Fei, Esther	90,000	–	–	90,000
	<b>720,000</b>	<b>2,481,402</b>	<b>36,000</b>	<b>3,237,402</b>

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

### 10. DIRECTORS' REMUNERATION *(Continued)*

Notes:

- (i) Deceased on 30 March 2017. The amount of HK\$2,795,263 included (1) salary of HK\$1,362,382 for the year; and (2) ex gratia payment of HK\$1,432,881 (inclusive of the long service payment of HK\$958,922 under Hong Kong Employment Ordinance) which was recognised as expenses in prior years.
- (ii) No remuneration was made to Ng Kwok Fun (alternate director to Ng See Wah) during the year.
- (iii) No directors' retirement benefit is arising on or after or in connection with a directors' retirement during the year.
- (iv) No payment made or benefit provided in respect of the termination of the service of all directors, whether in the capacity of directors or in any other capacity while directors.
- (v) No consideration provided to or receivable by third parties for making available the services of a person as director or in any other capacity while director.

### 11. STAFF COST

	2017	2016
	HK\$	HK\$
Directors' fees and salaries	<b>3,201,402</b>	3,201,402
Salaries and other benefits	<b>1,303,719</b>	1,186,093
Mandatory provident fund contribution	<b>91,581</b>	87,562
Provision for long service payments	<b>7,922</b>	13,000
	<b>4,604,624</b>	4,488,057

Among the five highest paid individuals of the group, three (2016: three) are executive directors whose emoluments are set out in note 10 to the financial statements. The emoluments of the other two (2016: two) individuals are as follows:

	2017	2016
	HK\$	HK\$
Salaries	<b>789,760</b>	748,760
Mandatory provident fund contribution	<b>33,631</b>	32,362
	<b>823,391</b>	781,122

The emoluments of the two (2016: two) are within the emolument band ranging from HK\$Nil to HK\$1,000,000.

**NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2017

**12. TAXATION**

	2017	2016
	HK\$	HK\$
<b>Current income tax</b>		
Provision for Hong Kong Profits Tax for current year	<b>2,419,000</b>	2,363,900
Over-provision for prior years	<b>(101,518)</b>	(100,059)
	<b>2,317,482</b>	2,263,841
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<b>67,921</b>	68,148
Total income tax	<b>2,385,403</b>	2,331,989

Provision for Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) on the estimated assessable profit for the year.

**RECONCILIATION BETWEEN INCOME TAX AND ACCOUNTING PROFIT AT APPLICABLE TAX RATE**

	2017	2016
	HK\$	HK\$
Profit before taxation	<b>53,334,072</b>	6,054,821
Notional tax on profit before taxation, calculated at Hong Kong Profits Tax rate of 16.5% (2016: 16.5%)	<b>8,800,120</b>	999,045
Tax effect of non-deductible expenses	<b>163,204</b>	2,192,373
Tax effect of non-taxable revenue	<b>(5,347,187)</b>	(3,277,375)
Tax effect of unused tax losses and unrecognised deductible temporary differences utilised	<b>(1,127,200)</b>	–
Tax effect of unused current tax losses not recognised	–	2,525,709
Others	<b>(103,534)</b>	(107,763)
Income tax	<b>2,385,403</b>	2,331,989

**13. EARNINGS PER SHARE**

The calculation of basic earnings per share is based on the consolidated profit after tax of HK\$50,948,669 (2016: HK\$3,722,832) and on 40,000,000 (2016: 40,000,000) ordinary shares in issue during the year.

Diluted earnings per share equals to the basic earnings per share as the company had no dilutive potential financial instrument in issue during the year (2016: Nil).



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

### 14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building HK\$	Leasehold improvement HK\$	Furniture, fixtures and equipment HK\$	Total HK\$
<b>Cost</b>				
At 1 April 2015	3,758,960	462,600	207,774	4,429,334
Additions	–	–	7,550	7,550
Disposals	–	–	(3,900)	(3,900)
At 31 March 2016 and 1 April 2016	3,758,960	462,600	211,424	4,432,984
Additions	–	–	16,800	16,800
Disposals	–	–	(13,300)	(13,300)
At 31 March 2017	3,758,960	462,600	214,924	4,436,484
<b>Aggregate depreciation</b>				
At 1 April 2015	1,925,399	416,131	151,494	2,493,024
Charge for the year	70,374	4,646	6,152	81,172
Written back upon disposals	–	–	(1,597)	(1,597)
At 31 March 2016 and 1 April 2016	1,995,773	420,777	156,049	2,572,599
Charge for the year	70,373	4,182	6,432	80,987
Written back upon disposals	–	–	(5,446)	(5,446)
At 31 March 2017	(2,066,146)	(424,959)	(157,035)	(2,648,140)
<b>Net book value</b>				
At 31 March 2017	1,692,814	37,641	57,889	1,788,344
At 31 March 2016	1,763,187	41,823	55,375	1,860,385

The leasehold land and building is situated in Hong Kong and held under medium term lease.

### 15. INVESTMENT PROPERTIES

	2017 HK\$	2016 HK\$
<b>Fair value</b>		
At the beginning of the year	586,500,000	579,710,000
Increase in fair value	16,300,000	6,790,000
At the end of the year	602,800,000	586,500,000

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

### 15. INVESTMENT PROPERTIES *(Continued)*

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

	2017	2016
	HK\$	HK\$
Medium term leases	<b>337,900,000</b>	331,100,000
Long leases	<b>264,900,000</b>	255,400,000
	<b>602,800,000</b>	586,500,000

The group's investment properties were revalued on 31 March 2017 by RHL Appraisal Limited, an independent firm of professional surveyors, on an open market value basis. The fair value measurement is disclosed in note 33 to the financial statements.

At 31 March 2017, the group's investment properties with aggregate carrying value of HK\$199,500,000 (2016: HK\$194,000,000) were pledged to a bank to secure general bank facilities of the group.

### 16. PROPERTIES HELD FOR OR UNDER DEVELOPMENT

	2017	2016
	HK\$	HK\$
<b>Fair value</b>		
At the beginning of the year	<b>12,410,000</b>	12,300,000
Additions	<b>399,499</b>	100,000
Increase in fair value	<b>2,290,501</b>	10,000
	<b>15,100,000</b>	12,410,000

The properties held for or under development are situated in Hong Kong and held under medium term leases. The properties were revalued at 31 March 2017 by RHL Appraisal Limited, an independent firm of professional surveyors, on an open market value basis. The fair value measurement is disclosed in note 33 to the financial statements.

It includes the proposed change of use of land located at 42RP and 122RP in DD 121, Ping Shan, New Territories from agricultural to residential use, the Group received the said proposed premium letter from the Lands Department and subsequently lodged an appeal during the year. Up to present, the result of appeal has not been finalized.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

### 17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017	2016
	HK\$	HK\$
<b>Listed shares in Hong Kong, at fair value</b>		
At the beginning of the year	<b>98,752,928</b>	97,852,337
Additions	<b>1,596,109</b>	18,184,361
Disposals	<b>(8,556,415)</b>	(1,582,000)
Increase/(decrease) in fair value	<b>15,758,838</b>	(15,701,770)
	<b>107,551,460</b>	98,752,928

The fair value measurement is disclosed in note 32(f) to the financial statements.

### 18. INTERESTS IN SUBSIDIARIES

	The company	
	2017	2016
	HK\$	HK\$
Unlisted investments at cost	<b>6,481,105</b>	6,481,104
(a) Advances to subsidiaries		
– Interest free	<b>164,772,933</b>	182,142,135
Provision for impairment loss	<b>(14,711,624)</b>	(17,080,674)
	<b>150,061,309</b>	165,061,461
(b) Advances from subsidiaries		
– Interest free	<b>(24,302,519)</b>	(21,462,211)
Total	<b>132,239,895</b>	150,080,354

Advances among group companies are unsecured and carry no fixed term of repayment.

**NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2017

**18. INTERESTS IN SUBSIDIARIES** *(Continued)*

Particulars of the principal subsidiaries, which principally affected the results, assets or liabilities of the group, at the end of the reporting period are as follows:

<b>Subsidiary</b>	<b>Place of incorporation/ operation</b>	<b>Principal activity</b>	<b>Issued share capital HK\$</b>	<b>Percentage of holding</b>
Allied (HK) Industrial Limited	Hong Kong	Investment holdings	1	100%
Heng Shun Properties Development Limited	Hong Kong	Property investment/ development	1	100%
Hing Full Far East Development Limited	Hong Kong	Property investment	10,000	100%
Hing Shing Far East Development Limited	Hong Kong	Share investment	10,000	100%
Howe Kaye Investments Limited	Hong Kong	Property investment	10,000	100%*
Konchoy Limited	Hong Kong	Property investment	2	100%
Wang Fung Far East Development Limited	Hong Kong	Property investment/ development	10,000	100%
Winful Far East Limited	Hong Kong	Property investment/ development	100	100%
Wing Sum Investment Company Limited	Hong Kong	Property investment	10,000	100%
Wing Tai Investment Limited	Hong Kong	Investment holdings	1	100%
Yick Fu Investment Company Limited	Hong Kong	Property investment	1,800,000	100%
YLH Limited	Hong Kong	Property investment	10,000	100%

\* 100% directly held by Allied (HK) Industrial Limited

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

### 18. INTERESTS IN SUBSIDIARIES *(Continued)*

Impairment losses in respect of advances to subsidiaries are recorded using an allowance account unless recovery of the amount is remote. The movement in the allowance during the year is as follows:

	The company	
	2017	2016
	HK\$	HK\$
At the beginning of the year	<b>17,080,674</b>	17,145,295
Impairment loss written back for the year	<b>(2,369,050)</b>	(64,621)
At the end of the year	<b>14,711,624</b>	17,080,674

At 31 March 2017, the amounts due from subsidiaries were individually determined to be impaired on the basis of the net assets of the subsidiaries. The company does not hold any collateral over these balances. Amounts due from subsidiaries that are not impaired are HK\$135,006,778 (2016: HK\$152,698,095).

### 19. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK\$	HK\$
Rental receivables		
– Within 30 days	<b>285,800</b>	247,407
– Within 31 days to 60 days	<b>134,100</b>	153,737
– Within 61 days to 90 days	<b>124,100</b>	111,600
– Within 91 days to 180 days	<b>–</b>	111,600
Other receivables	<b>544,000</b>	624,344
	<b>1,366,545</b>	1,343,927
Rental and other receivables, unimpaired (note (a))	<b>1,910,545</b>	1,968,271
Deposits and prepayments (note (b))	<b>330,106</b>	3,134,580
	<b>2,240,651</b>	5,102,851

Note (a) Normally, monthly rentals are payable in advance by tenants in accordance with the leases. The rental receivables and other receivables (mainly including dividend receivable from listed shares and bank interest receivable) of the group were current and were aged less than 90 days. The ageing analysis is based on first date on each month in accordance with the leases. The group does not hold any collateral over these balances.

Note (b) On 10 May 2016, Wing Tai Investment Limited, a wholly-owned subsidiary of the Company terminated the acquisition of the entire issued shares of Champrix Limited. The initial deposit of HK\$2,800,000 which was paid on 27 January 2016 was refunded in May 2016.

**NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2017

**20. CASH AND BANK BALANCES**

	2017	2016
	HK\$	HK\$
Time deposits	<b>30,071,425</b>	15,042,429
Cash at banks and in hand	<b>24,169,807</b>	18,759,029
	<b>54,241,232</b>	33,801,458

As at 31 March 2017, the time deposits had a term for original maturity of 1 month and borne interest at 0.43% per annum (2016: 0.38% per annum).

Cash at banks of the group amounting to HK\$20,738,714 (2016: HK\$15,429,445) earns interest at floating rates based on daily bank deposits rates.

**21. TRADE AND OTHER PAYABLES**

	2017	2016
	HK\$	HK\$
Rental deposits received	<b>3,263,476</b>	3,310,904
Receipts in advance	<b>202,061</b>	182,553
Unclaimed dividends	<b>311,193</b>	307,403
Accrued expenses (note (a))	<b>2,585,287</b>	1,575,134
	<b>6,362,017</b>	5,375,994

Note (a) Included an ex gratia payment of HK\$1,432,881 for the late Mr. Ng See Wah.

**22. BANK BORROWINGS, SECURED**

The bank loans are repayable as follows:

	2017	2016
	HK\$	HK\$
<b>Current liabilities</b>		
Within one year	<b>1,929,600</b>	1,929,600
After one year but not exceeding two years	<b>1,929,600</b>	1,929,600
After two years but not exceeding five years	<b>20,525,200</b>	22,454,800
	<b>24,384,400</b>	26,314,000

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

### 22. BANK BORROWINGS, SECURED *(Continued)*

The bank loans bear interest at 2% above Hong Kong Interbank Offered Rate, or 1% per annum below Hong Kong Dollars Best Lending Rate of a commercial bank in Hong Kong. During the year, interest on bank borrowings was HK\$594,015 (2016: HK\$613,791).

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 collected by the bank. The group regularly monitors its compliance with these covenants. As at 31 March 2017, none of the covenants was breached.

The company has executed a corporate guarantee amounting to HK\$82,900,000 (2016: HK\$82,900,000) in favour of a bank for securing the loans of the group. The bank loans are renewable annually and have been renewed subsequently after the year end.

The directors consider the carrying amount of the bank borrowings approximates its fair value.

### 23. PROVISION FOR LONG SERVICE PAYMENTS

	2017	2016
	HK\$	HK\$
At the beginning of the year	<b>1,069,000</b>	1,056,000
Change in provision for the year	<b>7,922</b>	13,000
Utilised during the year and transferred to accrued expenses	<b>(958,922)</b>	–
At the end of the year	<b>118,000</b>	1,069,000
Classification in the statement of financial position:		
Current	–	951,000
Non-current	<b>118,000</b>	118,000
	<b>118,000</b>	1,069,000

Provision for long service payments is made for all employees, including the directors, who had worked under continuous contract for a minimum of five years as at the end of the reporting period, and is calculated in accordance with the provisions of the Hong Kong Employment Ordinance. The employees will only be entitled to the long service payments when the conditions under the Hong Kong Employment Ordinance are met upon termination of employment.

**NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2017

**24. DEFERRED TAXATION**

The components of deferred tax liabilities/(assets) recognised in the consolidated statements of financial position and its movements are as follows:

<b>Deferred tax arising from:</b>	<b>Accelerated depreciation allowances</b>	<b>Unused tax losses</b>	<b>Total</b>
	HK\$	HK\$	HK\$
At 1 April 2015	787,131	(12,585)	774,546
Charged to profit or loss	68,001	147	68,148
At 31 March 2016 and 1 April 2016	855,132	(12,438)	842,694
Charged to profit or loss	67,700	221	67,921
At 31 March 2017	922,832	(12,217)	910,615

**DEFERRED TAX ASSETS UNRECOGNISED**

Deferred tax asset is not recognised in respect of the following item as it is uncertain whether there will be sufficient future profits to allow the benefit of the deferred tax asset to be utilised:

	<b>2017</b>	2016
	HK\$	HK\$
Unused tax loss	<b>15,256,645</b>	22,086,821

**25. SHARE CAPITAL**

	<b>2017</b>		2016	
	No. of shares	Amount HK\$	No. of shares	Amount HK\$
<b>Issued and fully paid</b>				
Ordinary shares	<b>40,000,000</b>	<b>40,000,000</b>	40,000,000	40,000,000



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

### 26. RESERVES

#### The Group

	Notes	Capital reserve HK\$	Fair value reserve HK\$	Retained profits HK\$	Total HK\$
<b>At 1 April 2015</b>		251,046	38,311,306	686,383,068	724,945,420
Profit for the year		–	–	3,722,832	3,722,832
Impairment losses on available-for-sale financial assets		–	7,940,000	–	7,940,000
Decrease in fair value of available-for-sale financial assets		–	(15,701,770)	–	(15,701,770)
Release of fair value reserve upon disposal of available-for-sale financial assets		–	(838,590)	–	(838,590)
Total comprehensive income		–	(8,600,360)	3,722,832	(4,877,528)
Dividends paid		–	–	(5,600,000)	(5,600,000)
Unclaimed dividend forfeited	27	–	–	45,213	45,213
<b>At 31 March 2016 and 1 April 2016</b>		251,046	29,710,946	684,551,113	714,513,105
Profit for the year		–	–	50,948,669	50,948,669
Increase in fair value of available-for-sale financial assets		–	15,758,838	–	15,758,838
Release of fair value reserve upon disposal of available-for-sale financial assets		–	(4,554,638)	–	(4,554,638)
Total comprehensive income		–	11,204,200	50,948,669	62,152,869
Dividends paid		–	–	(5,600,000)	(5,600,000)
Unclaimed dividend forfeited	27	–	–	45,813	45,813
<b>At 31 March 2017</b>		251,046	40,915,146	729,945,595	771,111,787

#### The company

	Reserve – Retained profits	
	2017 HK\$	2016 HK\$
At the beginning of the year	196,798,290	209,310,361
Profit/(loss) for the year	17,618,808	(6,957,284)
Dividends paid	(5,600,000)	(5,600,000)
Unclaimed dividend forfeited	45,813	45,213
	(5,554,187)	(5,554,787)
At the end of the year	208,862,911	196,798,290

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

### 26. RESERVES (Continued)

Distributable reserves of the Company at the end of the reporting period, calculated under section 291, 297 and 299 of the Companies Ordinance is as follows:

Statement of the reserve available for distribution to shareholders	Distributable reserve	
	2017 HK\$	2016 HK\$
At the beginning of the year	192,112,442	204,754,513
Distributable profit/(loss) for the year	17,318,808	(7,087,284)
Dividends paid	(5,600,000)	(5,600,000)
Unclaimed dividend forfeited	45,813	45,213
	<b>(5,554,187)</b>	<b>(5,554,787)</b>
At the end of the year	<b>203,877,063</b>	192,112,442

### 27. DIVIDENDS

	2017 HK\$	2016 HK\$
Dividends attributable to the year –		
Interim dividend at HK\$0.02 (2016: HK\$0.02) per share paid during the year	800,000	800,000
Final dividend at HK\$0.12 (2016: HK\$0.12) per share proposed after the reporting period	4,800,000	4,800,000
	<b>5,600,000</b>	5,600,000
Unclaimed dividend forfeited (note (a))	<b>(45,813)</b>	(45,213)
	<b>5,554,187</b>	5,554,787

Note (a) Pursuant to Article 145 of the Articles of Association of the company, on 14 March 2017 the board of directors resolved that the dividends for the financial years 2009/10 to 2010/11 amounting to HK\$45,813 payable on or before 5 January 2011 remained unclaimed on 14 March 2017 be forfeited and recognised in the equity.

Note (b) The final dividend proposed after the reporting period has not been recognised as a liability at the end of the reporting period.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 28. STATEMENT OF FINANCIAL POSITION OF THE COMPANY AS AT 31 MARCH 2017

	2017		2016	
	HK\$	HK\$	HK\$	HK\$
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		12,722		14,135
Investment properties		6,800,000		6,500,000
Interest in subsidiaries		132,239,895		150,080,354
		<b>139,052,617</b>		156,594,489
<b>Current assets</b>				
Trading securities – equity shares listed in Hong Kong	59,250,891		49,895,681	
Trade and other receivables	739,696		728,121	
Cash and bank balances	51,745,397	111,735,984	31,485,594	82,109,396
<b>Current liabilities</b>				
Trade and other payables	1,901,690		1,491,595	
Provision for long service payments	–	(1,901,690)	390,000	(1,881,595)
<b>Net current assets</b>		<b>109,834,294</b>		80,227,801
<b>Total assets less current liabilities</b>		<b>248,886,911</b>		236,822,290
<b>Non-current liabilities</b>				
Provision for long service payments		(24,000)		(24,000)
<b>NET ASSETS</b>		<b>248,862,911</b>		236,798,290
<b>CAPITAL AND RESERVES</b>				
Share capital		40,000,000		40,000,000
Reserves		208,862,911		196,798,290
		<b>248,862,911</b>		236,798,290

Approved by the board of directors on 23 June 2017

**Ng Tai Wai**  
Director

**So Kwok Leung**  
Director

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

### 29. OPERATING LEASE ARRANGEMENTS

At the end of the reporting period, the total future minimum lease receipts under non-cancellable operating leases of investment properties for the following periods were:

	2017	2016
	HK\$	HK\$
Not later than one year	<b>16,175,608</b>	16,107,320
Later than one year and not later than five years	<b>9,114,674</b>	10,859,563
	<b>25,290,282</b>	26,966,883

The operating leases normally run from one to three years.

### 30. FINANCIAL GUARANTEES

Corporate guarantees given in favour of a bank for bank loans granted to subsidiaries:

	The company	
	2017	2016
	HK\$	HK\$
Guaranteed amount (Maximum exposure to credit risk)	<b>82,900,000</b>	82,900,000
Outstanding balance of the bank loans	<b>24,384,400</b>	26,314,000

The company has guaranteed the bank loans of the subsidiaries with the certain covenant as set out in note 22 to the financial statements. Under the terms of the financial guarantee contracts, the company will make payments to reimburse the bank upon failure of the subsidiaries to make payments when due.

Save as corporate guarantee provided to subsidiaries, there is no other financial assistance guarantee provided to affiliated companies under Listing Rule 13.16 (2016: Nil).

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 31. CAPITAL MANAGEMENT

The group's primary objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The group monitors capital structure on the basis of a net debt-to-adjusted capital ratio. For this purpose the group defines net debt as total debt (which includes interest-bearing loans and borrowings, trade and other payables) plus proposed dividends, less cash and cash equivalents. Adjusted capital comprises all components of equity less proposed dividends.

The group aims to maintain a manageable net debt-to-adjusted capital ratio. In order to maintain the capital structure, the group may adjust the amount of dividends to be paid to shareholders, issue new shares, or sell assets to reduce debts, or raise borrowings for acquisition of assets in the light of changes in the group's business portfolio and economic conditions.

In last year, the group's net debt-to-adjusted capital ratio was less than 1%. The management considers that the ratio is not significant to the group, no quantitative disclosure is presented. As at 31 March 2017, the group maintained sufficient cash and cash equivalents which exceeded the total debts plus proposed dividend, no quantitative disclosure is presented.

Neither the company nor any of its subsidiaries are subject to externally imposed capital requirement.

## 32. FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, and market (including interest rate and equity price) risks arises in the normal course of the group's business. Exposures to these risks are controlled by the group's financial management policies and practices described below. No derivative financial instruments are used to hedge any exposure to these risks.

### (a) CREDIT RISK

The group's maximum exposure to credit risk in relation to financial assets is the carrying amounts of trade and other receivables and bank balances, which are disclosed in note 19 and note 20 to the financial statements respectively.

The group monitors its rental receivables on an ongoing basis. The group holds rental deposits from tenants to address potential exposure to credit risk. Further, evaluation is made for the tenants with reference to their credit history and financial strength, as well as the economic environment in which the tenant operates. There is no significant concentration of credit risk with respect to rental receivables.

Other receivables represented dividend receivable from listed investments and interest receivables from financial institutions. Investments and deposits are only made to the listed companies and financial institutions, who have obtained high credit rating with good credit standing, and the default risks are assessed low by the management.

Cash deposits are placed at reputable financial institutions to minimise exposure to credit risk.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 32. FINANCIAL RISK MANAGEMENT *(Continued)*

### (b) LIQUIDITY RISK

The group regularly and closely monitors its current and expected liquidity position to ensure adequate funds are available for its short-term and long-term requirements. Also, the group regularly monitors its compliance with lending covenants of bank loans as set out in note 22 to the financial statements. Management believes that the group has sound liquidity position and has sufficient cash reserve for its operations and capital commitment obligation.

The following table details the remaining contractual maturities at the end of the reporting period of the group's non-derivative financial liabilities, which is based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date of payment by the group:

	Carrying amounts	Total undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<b>At 31 March 2017</b>						
Bank borrowings, secured, subject to a repayment on demand clause	24,384,400	25,865,056	2,497,128	2,507,167	20,860,761	-
Rental deposit received	3,263,476	3,263,476	3,263,476	-	-	-
Unclaimed dividends	311,193	311,193	311,193	-	-	-
	<b>27,959,069</b>	<b>29,439,725</b>	<b>6,071,797</b>	<b>2,507,167</b>	<b>20,860,761</b>	<b>-</b>
<b>At 31 March 2016</b>						
Bank borrowings, secured, subject to a repayment on demand clause	26,314,000	28,169,517	2,488,645	2,446,245	23,234,627	-
Rental deposit received	3,310,904	3,310,904	3,310,904	-	-	-
Unclaimed dividends	307,403	307,403	307,403	-	-	-
	<b>29,932,307</b>	<b>31,787,824</b>	<b>6,106,952</b>	<b>2,446,245</b>	<b>23,234,627</b>	<b>-</b>

The borrowing facilities were renewed after the end of reporting period and are repayable in accordance with the scheduled repayment dates as set out in the loan agreement.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

### 32. FINANCIAL RISK MANAGEMENT *(Continued)*

#### (c) CASH FLOW INTEREST RATE RISK

As the group has fixed deposits placed at banks at floating interest rates, interest rate risk arises from changes in market interest rates which affect the group's interest income. Except for the surplus funds retained with banks as detailed in note 20 to the financial statements, the group has no other significant interest-bearing assets at floating interest rates which are exposed to cash flow interest rate risk.

The group's interest rate risk also arises from bank borrowings at floating interest rate. The group periodically reviews the market interest rates and manages the risk on an ongoing basis.

The following table details the interest rate profile of the group's borrowings (as defined above) at the end of the reporting period:

	2017		2016	
	Effective interest rate	HK\$	Effective interest rate	HK\$
	%		%	
<b>Variable rate borrowings:</b>				
Bank borrowings, secured	<b>2.20% to 2.73%</b>	<b>24,384,400</b>	2.22% to 2.39%	26,314,000

At 31 March 2017, if interest rates on borrowing had been increased/decreased by 50 basis point, with all other variables held constant, the group's profit after tax for the year would have been decreased/increased by approximately HK\$96,000 (2016: HK\$104,000) mainly as a result of higher/lower interest expense on floating rate borrowing.

The sensitivity analysis above had been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for the group's floating rate borrowing in existence at that date. The 50 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual financial year date. The analysis is performed on the same basis for 2016.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

### 32. FINANCIAL RISK MANAGEMENT *(Continued)*

#### (d) PRICE RISK

The group is exposed to equity price changes on share investments classified as trading securities and available-for-sale financial assets.

The group's share investments are securities listed on The Stock Exchange of Hong Kong. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the index and other industry indicators, as well as the group's liquidity needs. Listed investments held in the available-for-sale portfolio have been chosen based on their longer term growth potential and are monitored regularly for their performance against expectations. The portfolio is diversified in terms of industry distribution.

Management monitors the market conditions and securities price fluctuations and responds so as to minimise adverse effects on the group's financial performance. At the end of the reporting period, the approximate change in the group's profit or loss and other comprehensive income in response to reasonably possible changes of an increase/decrease in relevant prices of the listed investments by 10% is as the follows:

- profit or loss for the year and retained profits would increase/decrease by approximately HK\$5.9 million (2016: HK\$5.0 million) due to increase/decrease in the fair value of trading securities.
- total equity would increase/decrease by approximately HK\$10.8 million (2016: HK\$9.9 million) due to increase/decrease in fair value of available-for-sale financial assets.

The sensitivity analysis has been determined assuming that the reasonably possible changes in listed shares prices had increased/decreased by 10% with all other variables held constant at the end of reporting period. The changes represent the management's assessment of reasonably possible changes in the relevant share prices over the period until the next financial year end. The analysis is performed on the same basis for 2016.

#### (e) FAIR VALUE ESTIMATION

The carrying amounts of receivables and payables are assumed to approximate their fair value.

The fair values of the group's listed investments traded in active market are stated at quoted market price at the end of the reporting period. Unlisted investments in subsidiaries of which fair values cannot be reliably measured are stated at cost less impairment losses.



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

### 32. FINANCIAL RISK MANAGEMENT *(Continued)*

#### (f) FINANCIAL ASSETS MEASURED AT FAIR VALUE

##### FAIR VALUE HIERARCHY

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 13 "Fair Value Measurement". These fair value measurements are categorised into different level in the fair value hierarchy based on the inputs to valuation technique 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).

##### Recurring fair value measurement

##### Financial assets

	Level 1	Level 2	Level 3	Total
	HK\$	HK\$	HK\$	HK\$
<b>As at 31 March 2017</b>				
Available-for-sale financial assets				
– listed shares in HK	107,551,460	–	–	107,551,460
Trading securities – listed shares in HK	59,250,891	–	–	59,250,891
	<b>166,802,351</b>	–	–	<b>166,802,351</b>
<b>As at 31 March 2016</b>				
Available-for-sale financial assets				
– listed shares in HK	98,752,928	–	–	98,752,928
Trading securities – listed shares in HK	49,895,681	–	–	49,895,681
	148,648,609	–	–	148,648,609

During the year, 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.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

### 33. FAIR VALUE MEASUREMENT ON PROPERTIES

The following table presents the investment properties and property held for or under development measured at fair value at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurement. Inputs used in determining fair value measurement are categorised into different levels based on how observable the inputs used in the valuation technique.

	Level 1	Level 2	Level 3	Total
	HK\$	HK\$	HK\$	HK\$
<b>As at 31 March 2017</b>				
Investment properties	–	–	602,800,000	602,800,000
Property held for or under development	–	–	15,100,000	15,100,000
	–	–	617,900,000	617,900,000
<b>As at 31 March 2016</b>				
Investment properties	–	–	586,500,000	586,500,000
Property held for or under development	–	–	12,410,000	12,410,000
	–	–	598,910,000	598,910,000

During the year, there was no transfer of 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.

The directors had on-going discussions with RHL Appraisal Limited, the independent firm of professional surveyors, upon producing the valuation reports in respect of valuation assumptions use and other inputs relevant for the valuations of the group's investment properties and properties held for or under development.

The fair value of all investment properties and property held for or under development are classified as level 3. The movements of investment properties and property held for or under development during the year were set out in notes 15 and 16 to the financial statements respectively. The fair value is determined by the independent firm of professional surveyors using direct comparison approach by reference to recent sales price of comparable properties on a price per square foot basis. The valuations are taking into account of the characteristic of the properties in terms of the time, size, building age, floor, location, frontage, layout, quality, view, pedestrian flow, accessibility (including transportation and convenience), site configuration and other factors collectively. Judgement was exercised, based on factors available and on holistic approach, on the adjustment onto the comparables by comparing the difference of comparables and subject property. Higher premium for the properties reflects in a higher value measurement.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

### 33. FAIR VALUE MEASUREMENT ON PROPERTIES *(Continued)*

Information about group's properties classified as level 3 fair value measurement at the end of the reporting period is as follows:

#### As at 31 March 2017

Description	Fair value	Valuation Technique	Unobservable Inputs	Range (per square foot)	Relationship of unobservable inputs
Commercial properties	HK\$409,200,000	Direct comparison approach	Recent price of similar properties in the relevant market after taking into account of time, size, building age, floor, location, frontage, layout, quality, pedestrian flow and others.	HK\$3,607 to HK\$135,605	Better the characteristic of properties, higher the price per sq. ft. and the fair value.
Industrial properties	HK\$29,800,000	Direct comparison approach	Recent price of similar properties in the relevant market after taking into account of time, size, building age and floor.	HK\$2,914 to HK\$3,486	Better the characteristic of properties, higher the price per sq. ft. and the fair value.
Residential & commercial properties	HK\$163,800,000	Direct comparison approach	Recent price of similar properties in the relevant market after taking into account of time, size, building age, floor, location, frontage, layout, view and others.	HK\$6,773 to HK\$51,475	Better the characteristic of properties, higher the price per sq. ft. and the fair value.
Site	HK\$15,100,000	Direct comparison approach	Recent price of similar properties in the relevant market after taking into account of time, size, location, accessibility, site configuration and others.	HK\$451 to HK\$1,075	Better the characteristic of properties, higher the price per sq. ft. and the fair value.

The fair value measurement of investment properties is based on the highest and best use, which does not differ from their actual use. There were no changes to the valuation technique during the year.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

### 33. FAIR VALUE MEASUREMENT ON PROPERTIES *(Continued)*

As at 31 March 2016

Description	Fair value	Valuation Technique	Unobservable Inputs	Range (per square foot)	Relationship of unobservable inputs
Commercial properties	HK\$404,900,000	Direct comparison approach	Recent price of similar properties in the relevant market after taking into account of time, size, building age, floor, view, location, accessibility, quality, frontage, layout and pedestrian flow.	HK\$2,045 to HK\$197,133	Better the characteristic of properties, higher the price per sq. ft. and the fair value.
Industrial properties	HK\$25,300,000	Direct comparison approach	Recent price of similar properties in the relevant market after taking into account of time, size, building age, floor, view and location.	HK\$2,459 to HK\$2,831	Better the characteristic of properties, higher the price per sq. ft. and the fair value.
Residential & commercial properties	HK\$156,300,000	Direct comparison approach	Recent price of similar properties in the relevant market after taking into account of time, size, building age, floor, view and location.	HK\$5,729 to HK\$98,712	Better the characteristic of properties, higher the price per sq. ft. and the fair value.
Site	HK\$12,410,000	Direct comparison approach	Recent price of similar properties in the relevant market after taking into account of location, size, and accessibility.	HK\$305 to HK\$729	Better the characteristic of properties, higher the price per sq. ft. and the fair value.

### 34. CONNECTED TRANSACTION

Except for directors' remuneration for directors which is disclosed in note 10 to the financial statement, there were no material related party transactions or continuing related party transaction falls under the definition connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules of Stock Exchange for the years ended 31 March 2017 and 31 March 2016.

## **NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2017

### **35. DIRECTORS' INTEREST IN CONTRACTS, TRANSACTIONS AND ARRANGEMENTS**

No contracts, transactions and arrangements of significance in relation to the company's business in which the company or company's subsidiaries was a party, and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### **36. LOANS TO DIRECTORS AND ENTITIES CONNECTED TO DIRECTORS**

Pursuant to section 383(1)(d) of the Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, no loans, quasi-loans and other dealing in favour of (a) directors of the company; (b) bodies corporate controlled by such directors and (c) entities connected with such directors (2016: Nil).

### **37. AGGREGATE AMOUNT OF AUTHORIZED LOANS**

No outstanding loans made under the authority of sections 280 and 281 of the Companies Ordinance during the year ended 31 March 2017 (2016: Nil).

## SCHEDULE OF PROPERTIES HELD BY THE GROUP

AS AT 31 MARCH 2017

### (A) PROPERTIES HELD FOR OR UNDER DEVELOPMENT

	Location	Site area sq. ft.	Gross floor area sq. ft.	Lot No.	Construction progress	Expected completion date	Group's interest	Existing use
(1)	Lot No. 2784 of D.D.130 Lam Tei, Tuen Mun	3,470	-	Remaining portion Lot No. 2784 D.D.130	*	-	100%	Partially Let
(2)	Lots Nos. 42RP, 122 RP and 129 RP Demarcation District No. 121, Yuen Long, New Territories	24,506	-	Lot No. 42 RP, 122 RP and 129 RP Demarcation District No. 121, Yuen Long, New Territories	*	-	100%	Partially Let

\* No significant development progress

### (B) PROPERTIES HELD FOR INVESTMENT

	Location	Lot No.	Usage	Group's interest	Lease term
(1)	Wing Tak Building, Nos. 18-22 Fan Wa Street, Cha Kwo Ling, Kowloon: - Shops A and C on ground floor and shops B and C on basement floor	New Kowloon Inland Lot No. 4914	Commercial	100%	Medium
(2)	Winfair Building, Nos. 6-10B, Yuk Wah Crescent, Tsz Wan Shan, Kowloon: - Shops 1-10 on lower ground floor, shops 1-6 on ground floor, 1st and 2nd floor	New Kowloon Inland Lot No. 5762	Commercial	100%	Medium
(3)	Wing Shing Building, Nos. 70-82 Sheung Fung Street, Tsz Wan Shan, Kowloon: - Shops A and B on ground floor and Stores A and B on mezzanine floor	New Kowloon Inland Lot No. 5020	Commercial	100%	Medium
(4)	Lee Kiu Building, No. 51 Jordan Road, Kowloon: - Office No. A on 4th floor	Kowloon Inland Lot No. 9894	Commercial	100%	Medium
(5)	Metropolitan Factory and Warehouse Building, Nos. 30-32 Chai Wan Kok Street, Tsuen Wan, New Territories: - Flat B on 5th and 6th floor	Sec. B of Tsuen Wan Inland Lot. No. 34	Industrial	100%	Medium

## SCHEDULE OF PROPERTIES HELD BY THE GROUP

AS AT 31 MARCH 2017

### (B) PROPERTIES HELD FOR INVESTMENT *(Continued)*

	Location	Lot No.	Usage	Group's interest	Lease term
(6)	No. 96 Bonham Strand East, Sheung Wan, Hong Kong	Sec. E. of Inland Lot No. 863	Residential & Commercial	100%	Long
(7)	No. 92 Bonham Strand East, Sheung Wan, Hong Kong: – 3rd floor	RP of SS1 of Sec. F of Inland Lot No. 863	Commercial	100%	Long
(8)	Nos. 4, 6 and 6A, Nam Kok Road, Kowloon: – Ground floor and 1st floor	Remaining Portion of New Kowloon Inland Lot Nos. 1822, 1824 and 2183	Commercial	100%	Medium
(9)	Nos. 8 and 10, Nam Kok Road, Kowloon: – Ground floor	Remaining Portion of New Kowloon Inland Lot Nos. 1936, 2278, 2279, 2280 and 2281	Commercial	100%	Medium
(10)	76 Waterloo Road, Kowloon: – Ground floor and mezzanine floor	Section D of Kowloon Inland Lot No. 3903	Commercial	100%	Long
(11)	76A Waterloo Road, Kowloon: – Ground floor and mezzanine floor	Section F of Kowloon Inland Lot No. 3903	Commercial	100%	Long
(12)	Nanking Building, No. 1F Nanking Street, Kowloon: – Shop G on ground floor	Kowloon Inland Lot No. 6533	Commercial	100%	Medium
(13)	No. 60 Ma Tau Chung Road, Kowloon.	Sub-Section 1 of Section A of Kowloon Inland Lot No. 4311	Residential & Commercial	100%	Long
(14)	No. 62 Ma Tau Chung Road, Kowloon.	Remaining Portion of Sub-Section 2 of Section A of Kowloon Inland Lot No. 4311	Residential & Commercial	100%	Long
(15)	No. 64 Ma Tau Chung Road, Kowloon.	Section A of Sub-Section 2 of Section A of Kowloon Inland Lot No. 4311	Residential & Commercial	100%	Long

## FIVE YEAR FINANCIAL SUMMARY

	For the year ended 31 March				2017
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	HK\$'000
<b>Consolidated statement of profit or loss</b>					
Revenue	21,395	22,276	29,557	25,596	<b>26,283</b>
Profit before tax	179,430	31,155	75,282	6,055	<b>53,334</b>
Taxation	(1,698)	(2,009)	(2,141)	(2,332)	<b>(2,385)</b>
Profit for the year	177,732	29,146	73,141	3,723	<b>50,949</b>
<b>Consolidated statement of financial position</b>					
Property, plant and equipment	2,098	2,016	1,936	1,860	<b>1,788</b>
Investment properties	435,200	531,600	579,710	586,500	<b>602,800</b>
Properties held for or under development	11,600	12,300	12,300	12,410	<b>15,100</b>
Available-for-sale financial assets	95,544	87,335	97,852	98,753	<b>107,552</b>
Current assets	151,465	92,180	108,925	88,800	<b>115,759</b>
Current liabilities	(21,800)	(36,840)	(34,891)	(32,850)	<b>(30,858)</b>
Non-current liabilities	(820)	(850)	(887)	(960)	<b>(1,029)</b>
<b>Net assets</b>	<b>673,287</b>	<b>687,741</b>	<b>764,945</b>	<b>754,513</b>	<b>811,112</b>



## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting of the shareholders of Winfair Investment Company Limited (the “Company”) will be held at Tang Room, 3rd Floor, Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong on Wednesday, 6 September 2017 at 9:30 a.m. for the following purposes:–

1. To receive the Reports of the Directors and of the Auditor, and the audited financial statements of the Company and of the group for the year ended 31 March 2017.
2. To declare a final dividend of HK\$0.12 per share for the year ended 31 March 2017.
3. To re-elect Directors and to fix the remuneration of all Directors.
4. To re-appoint Wong Brothers & Co. as the Auditor of the Company and to authorise the Directors to fix their remuneration.
5. To consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:–

**“THAT**

- (a) subject to paragraph (c) of this Resolution, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares of the Company, to grant rights to subscribe for, or convert any security into, shares in the Company (including the issue of any securities convertible into shares, or options, warrants or similar rights to subscribe for any shares), be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such power during or after the end of the Relevant Period;
- (c) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraphs (a) and (b), otherwise than pursuant to a Rights Issue (as defined below), shall not exceed 20 percent of the number of shares of the Company in issue and the said approval shall be limited accordingly; and
- (d) for the purposes of this Resolution:–

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:–

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the law to be held; and
- (iii) the revocation or variation of the authority hereby expressly given under this Resolution by ordinary resolution of the shareholders in general meeting.

## NOTICE OF ANNUAL GENERAL MEETING

“Rights Issue” means an offer of shares of the Company or an issue of options, warrants or other securities giving the right to subscribe for shares of the Company, open for a period fixed by the Directors of the Company to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

By Order of the Board  
**Mimoona MA**  
*Company Secretary*

Hong Kong, 23 June 2017

*Registered Office:*

Rooms 501-2, Lee Kiu Building  
51 Jordan Road  
Kowloon

NOTES:

- (1) For the purpose of ascertaining the entitlement of the shareholders to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from Monday, 4 September 2017 to Wednesday, 6 September 2017, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Share Registrar, Computershare Hong Kong Investor Services Limited, 17/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 1 September 2017.
- (2) The register of members of the Company will also be closed from Wednesday, 13 September 2017 to Thursday, 14 September 2017, 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 2017. To qualify for the receipt of the proposed final 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 Tuesday, 12 September 2017.
- (3) A shareholder entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a shareholder of the Company. In order to be valid, the proxy form must be deposited at the Company’s registered office at least 48 hours before the time appointed for holding the meeting. Proxy forms sent electronically or by any other data transmission process will not be accepted.
- (4) A shareholder who is a corporation may by resolution of its Directors or other governing body authorise any of its officials or any other persons to act as its representative in the meeting and exercise the same powers on its behalf as if he had been an individual shareholder of the Company and such corporation shall be deemed to be present in person at any such meeting if a person so authorised is present thereat.
- (5) Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, all resolutions set out in this notice will be decided by poll at the meeting.

## NOTICE OF ANNUAL GENERAL MEETING

- (6) Pursuant to Articles 110 and 111 of the Articles of Association of the Company, Mr. Ng Tai Yin Victor, Dr. Ng Chi Yeung, Simon and Ms. Chan Suit Fei, Esther will retire by rotation from office and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.
- (7) In accordance with Article 115 of the Articles of Association of the Company, Ms. Ng Kwok Fun will retire and being eligible, offers herself for re-election at the forthcoming Annual General Meeting.
- (8) Details of all retiring Directors, their interests in the shares of the Company, their remuneration and basis of determining their emoluments are set out under heading "Directors and Senior Management", "Directors' Interest in Securities" in the Directors' Report, "Directors' Remuneration" in Note 10 to Financial Statements and "Emolument Policy" in the Corporate Governance Report respectively in the Annual Report 2016/2017. Save as disclosed in the Annual Report 2016/2017, there are no other matters that need to be brought to the attention of the shareholders or disclosed pursuant to any of the requirements of Rule 13.51(2).
- (9) The Board has assessed the independence of Dr. Ng Chi Yeung, Simon and Ms. Chan Suit Fei, Esther who have served the Board for more than nine years and are due for re-election at the forthcoming annual general meeting. Dr. Ng and Ms. Chan were appointed as independent non-executive directors in 1995 and 2004 respectively. Save for their roles as independent non-executive directors, they do not hold any executive or management role and do not involve in the daily management of the Company and the Group, nor are they in any relationship or circumstances which would interfere with the exercise of their independent judgment. They have provided a written confirmation of independence to the Company. The Board is satisfied that Dr. Ng and Ms. Chan meet the independence requirements of the Listing Rules notwithstanding the length of their service with the Company and believes that Dr. Ng and Ms. Chan are still independent and should be re-elected as independent non-executive directors at the forthcoming annual general meeting.
- (10) If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force at any time after 8:00 a.m. on the date of the meeting, the meeting will be postponed or adjourned. The Company will post an announcement on its website ([www.winfairinvestment.com](http://www.winfairinvestment.com)) and HKExnews website ([www.hkexnews.hk](http://www.hkexnews.hk)) to notify shareholders of the date, time and place of the rescheduled meeting.