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WINFAIR INVESTMENT COMPANY LIMITED

永發置業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 287)

ANNOUNCEMENT OF FINAL RESULTS

FOR THE YEAR ENDED 31 MARCH 2017

The board of directors of Winfair Investment Company Limited (the “Company”) would like to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2017. The annual results of the Group have been reviewed by the Company’s audit committee.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2017

	Notes	2017 HK\$	2016 HK\$
Revenue	4	26,282,786	25,596,390
Other revenue	5	219,676	222,360
Other net income/(loss)	5	17,799,721	(19,197,942)
Fair value gain on investment properties		16,300,000	6,790,000
Administrative and general expenses		(6,674,096)	(6,742,196)
Finance cost		<u>(594,015)</u>	<u>(613,791)</u>
Profit before taxation		53,334,072	6,054,821
Taxation	6	<u>(2,385,403)</u>	<u>(2,331,989)</u>
Profit after taxation attributable to the equity shareholders of the company		<u>50,948,669</u>	<u>3,722,832</u>
Earnings per share (Basic and diluted)	7	<u>HK\$1.27</u>	<u>HK\$0.09</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 MARCH 2017

	2017 HK\$	2016 HK\$
Profit for the year	<u>50,948,669</u>	<u>3,722,832</u>
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 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	15,758,838	(15,701,770)
Release of fair value reserve upon disposal of available-for-sale financial assets	<u>(4,554,638)</u>	<u>(838,590)</u>
	<u>11,204,200</u>	<u>(8,600,360)</u>
Total comprehensive income, net of tax, for the year attributable to equity shareholders of the company	<u>62,152,869</u>	<u>(4,877,528)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	2017 HK\$	2016 HK\$	2016 HK\$	2016 HK\$
ASSETS					
Non-current assets					
Property, plant and equipment			1,788,344		1,860,385
Investment properties			602,800,000		586,500,000
Properties held for or under development			15,100,000		12,410,000
Available-for-sale financial assets – equity shares listed in Hong Kong			<u>107,551,460</u>		<u>98,752,928</u>
			<u>727,239,804</u>		<u>699,523,313</u>
Current assets					
Trading securities – equity shares listed in Hong Kong		59,250,891		49,895,681	
Trade and other receivables	8	2,240,651		5,102,851	
Tax recoverable		26,403		-	
Cash and bank balances		<u>54,241,232</u>	115,759,177	<u>33,801,458</u>	88,799,990
Current liabilities					
Trade and other payables	9	6,362,017		5,375,994	
Bank borrowings – secured	10	24,384,400		26,314,000	
Tax payable		112,162		208,510	
Provision for long service payments		-	<u>(30,858,579)</u>	951,000	<u>(32,849,504)</u>
Net current assets			<u>84,900,598</u>		<u>55,950,486</u>
Total assets less current liabilities			812,140,402		755,473,799
Non-current liabilities					
Provision for long service payments		118,000		118,000	
Deferred taxation		<u>910,615</u>	<u>(1,028,615)</u>	<u>842,694</u>	<u>(960,694)</u>
NET ASSETS			<u>811,111,787</u>		<u>754,513,105</u>
CAPITAL AND RESERVES					
Share capital	11		40,000,000		40,000,000
Reserves			<u>771,111,787</u>		<u>714,513,105</u>
			<u>811,111,787</u>		<u>754,513,105</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	<u>Attributable to equity shareholders of the company</u>				Total HK\$
	Share capital HK\$	Capital reserve HK\$	Fair value reserve HK\$	Retained profits HK\$	
At 1 April 2015	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
At 31 March 2016 and 1 April 2016	40,000,000	251,046	29,710,946	684,551,113	754,513,105
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
At 31 March 2017	<u>40,000,000</u>	<u>251,046</u>	<u>40,915,146</u>	<u>729,945,595</u>	<u>811,111,787</u>

1. 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”).

The financial information relating to the years ended 31 March 2017 and 2016 included in this announcement does not constitute the Company’s statutory annual consolidated financial statements for these two years but is derived from those consolidated financial statements. Further information relating to these statutory accounts required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 March 2016 to the Registrar of Companies of Hong Kong as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 March 2017 to the Registrar of Companies of Hong Kong within the prescribed time limit.

The Company’s auditor has reported on those consolidated financial statements of the Company for both years ended 31 March 2017 and 2016. The auditor’s reports were unqualified; did not include reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

2. 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 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.

2. ADOPTION OF NEW AND REVISED HKFRSs (Cont'd)

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:

		Effective for accounting periods beginning on or after
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.

3. 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

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

3. SEGMENT INFORMATION (Cont'd)

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

	Securities investments		Property leasing		Property development		Consolidated total	
	2017 HK\$	2016 HK\$	2017 HK\$	2016 HK\$	2017 HK\$	2016 HK\$	2017 HK\$	2016 HK\$
STATEMENT OF FINANCIAL POSITION								
Assets								
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	--
	<u>169,117,694</u>	<u>151,109,274</u>	<u>607,491,809</u>	<u>593,862,649</u>	<u>15,136,046</u>	<u>12,446,737</u>	<u>791,745,549</u>	<u>757,418,660</u>
Unallocated corporate assets							51,253,432	30,904,643
Consolidated total assets							<u>842,998,981</u>	<u>788,323,303</u>
Liabilities								
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
	<u>720,047</u>	<u>702,546</u>	<u>30,020,322</u>	<u>31,960,487</u>	<u>81,514</u>	<u>83,370</u>	<u>30,821,883</u>	<u>32,746,403</u>
Unallocated corporate liabilities							1,065,311	1,063,795
Consolidated total liabilities							<u>31,887,194</u>	<u>33,810,198</u>
OTHER INFORMATION								
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.

4. REVENUE

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

5. OTHER REVENUE AND OTHER NET INCOME/(LOSS)

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

6. TAXATION

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

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

7. 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).

8. TRADE AND OTHER RECEIVABLES

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

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.

9. TRADE AND OTHER PAYABLES

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

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

10. BANK BORROWINGS, SECURED

The bank loans are repayable as follows:

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

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.

11. SHARE CAPITAL

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

12. DIVIDENDS

	2017	2016
	HK\$	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	<u>4,800,000</u>	<u>4,800,000</u>
	5,600,000	5,600,000
Unclaimed dividend forfeited (<i>note (a)</i>)	<u>(45,813)</u>	<u>(45,213)</u>
	<u>5,554,187</u>	<u>5,554,787</u>

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.

DIVIDENDS

In January 2017, the Company paid an interim dividend of HK\$0.02 (2016: HK\$0.02) per share, totaling HK\$800,000 (2016: HK\$800,000).

The board will propose in the Annual General Meeting to be held on 6 September 2017 the payment of a final dividend of HK\$0.12 (2016: HK\$0.12) per share in respect of the year ended 31 March 2017, absorbing a total amount of HK\$4,800,000 (2016: HK\$4,800,000). It is proposed that the dividend cheque will be dispatched on or about 25 September 2017 to the shareholders whose names are on the Register of Members on 14 September 2017.

CLOSURE OF REGISTER

For the purpose of ascertaining the entitlement of the shareholders to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from Monday, 4 September 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.

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.

CORPORATE GOVERNANCE PRACTICE

Save for the exceptions below, the Company has complied with all Code Provisions set out in the "Corporate Governance Code" contained in Appendix 14 of the Listing Rules throughout the year ended 31 March 2017 and up to the latest practicable date prior to the publication of this announcement:

1. The Group has not designated any chief executive. Generally, prior approvals by all executive directors are required for all strategic decisions and are confirmed in formal board meeting or under written resolutions subsequently. The Group believes that the existing organisation and decision making procedures are adequate for the Group to cope with the ever-changing economic environment;
2. The non-executive and independent non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the Company;
3. Directors appointed to fill casual vacancy are not subject to 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 the Board adopts prudent management policy. The need for insurance policy will be reviewed from time to time.

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.

MANAGEMENT DISCUSSIONS AND ANALYSIS

Results

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. 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).

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).

Share investments and dividend income (Cont'd)

Details of the top three holdings of 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 Top Three Holdings 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 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
	Others		37,610	43,740	5.2%	3,439	1,520	1,313
	Total		88,390	107,551	12.7%	15,759	6,355	4,325

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

Table 2: Details of the Top Three Holdings 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
	Others		25,663	21,718	2.6%	2,893	239	794
	Total		64,040	59,251	7.1%	9,153	239	2,630

Note: 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.

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.

PROSPECTS (Cont'd)

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.

By Order of the Board

Ng Tai Wai
Chairman

Hong Kong, 23 June 2017

As at the date of this announcement, the executive directors of the Company are Mr. Ng Tai Wai and Mr. Ng Tai Yin Victor; the non-executive directors are Mr. So Kwok Leung, Mr. So Kwok Wai, Benjamin and Ms. Ng Kwok Fun; the independent non-executive directors are Dr. Loke Yu alias Loke Hoi Lam, Dr. Ng Chi Yeung, Simon and Ms. Chan Suit Fei, Esther.