



WINFAIR INVESTMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0287)

2018/19 Annual Report



CONTENTS

	<i>Page</i>
Corporate Information	2
Chairman's Statement	3
Corporate Governance Report	12
Environmental, Social and Governance Report	25
Directors' Report	32
Directors and Senior Management	37
Independent Auditor's Report	39
Consolidated Statement of Profit or Loss	43
Consolidated Statement of Profit or Loss and Other Comprehensive Income	44
Consolidated Statement of Financial Position	45
Consolidated Statement of Changes in Equity	46
Consolidated Statement of Cash Flows	47
Notes to Financial Statements	48
Schedule of Properties held by the Group	96
Five Year Financial Summary	98
Notice of Annual General Meeting	99

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Ng Tai Wai
Mr. Ng Tai Yin, Victor

NON-EXECUTIVE DIRECTORS

Mr. So Kwok Leung
Mr. So Kwok Wai, Benjamin
Ms. Ng Kwok Fun

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Ng Chi Yeung, Simon
Ms. Chan Suit Fei, Esther
Mr. Heng Pei Neng, Roy
(Appointed with effect from 3 April 2018)
Dr. Loke Yu alias Loke Hoi Lam
(Resigned with effect from 3 April 2018)

AUDITORS

Wong Brothers CPA Limited
Certified Public Accountants (Practising)

SOLICITORS

Dechert
Lo, Wong & Tsui
Simon Reid-Kay & Associates

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
DBS Bank (Hong Kong) 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 2019.

RESULTS AND DIVIDENDS

For the year under review, the revenue of the Group decreased by HK\$442,607 (or 1.6%), to HK\$26,783,152. The Group's profit for the year decreased by HK\$195,547,485 (or 54.1%), to HK\$165,638,663, as compared to the last year.

In January 2019, an interim dividend of HK\$0.02 per share and interim special dividend of HK\$0.05 were paid. The Board now recommends a final dividend of HK\$0.12 per share, absorbing a total of 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 10 October 2019.

BUSINESS REVIEW

KEY PERFORMANCE INDICATOR

	2019	2018	Increase/ (decrease)	Increase/ (decrease)
	HK\$	HK\$	HK\$	
Revenue	26,783,152	27,225,759	(442,607)	(1.6%)
Profit before tax	167,470,042	363,558,868	(196,088,826)	(53.9%)
Gain on disposal:				
– Investment properties	82,319,818	181,961,940	(99,642,122)	(54.8%)
– Subsidiary	–	95,702,400	(95,702,400)	N/A
Fair value gain/(loss) on:				
– Investment properties	63,609,939	44,500,000	19,109,939	42.9%
– Trading securities	(4,353,446)	10,619,074	(14,972,520)	(141.0%)
Profit after tax	165,638,663	361,186,148	(195,547,485)	(54.1%)
EBITDA	168,286,465	364,251,865	(195,965,400)	(53.8%)
ROCE [#]	13.5%	36.8%	(23.3%)	(63.3%)
Earnings per share	4.14	9.03	(4.89)	(54.2%)

[#] Return on Capital Employed (ROCE) = Profit before tax and interest divided by average capital employed

During the year, the Group recorded a profit of HK\$165,638,663, representing a decrease by HK\$195,547,485 (or 54.1%) as compared to last year. The decrease was mainly due to decrease in gain on disposal of investment properties of HK\$99,642,112 as compared to last year, absence of gain on disposal of subsidiary of HK\$95,702,400 during the year and fair value loss on trading securities, as opposed to fair value gain in last year.

CHAIRMAN'S STATEMENT

BUSINESS REVIEW *(Continued)*

PROPERTY INVESTMENT

Following the disposal of Nam Kok Road Property and No. 96 Bonham Strand Property in February 2018 and September 2018 respectively, the rental income of the Group was HK\$17,055,769 during the year, representing a decrease by HK\$1,884,434 (or 9.9%) as compared to last year.

On 28 June 2018, Hing Full Far East Development Limited, a wholly-owned subsidiary of the Company, completed the acquisition of No. 66 Ma Tau Chung Road, Kowloon ("66 MTC Property") at a total cost of HK\$88,690,061 (comprising a consideration of HK\$67,600,000, a 30% stamp duty and other incidental cost) in order to enhance the completeness of Ma Tau Chung Road Re-development Project ("the MTC Project"). As at 31 March 2019, the properties located at Nos. 60, 62, 64 and 66 Ma Tau Chung ("60-66 MTC Property") was valued on a one asset basis, instead of the four standalone basis which was previously used as the valuation using the one asset basis is more suitable in reflecting the re-development potential. Thus, 60-66 MTC Property recorded the fair value gain of approximately of HK\$31,000,000 for the year.

On 14 August 2018, Konchoy Limited, a wholly-owned subsidiary of the Company, entered into a Provisional Sale and Purchase Agreement with the Purchaser, independent third party, in relation to the disposal of the property located at No. 96 Bonham Strand, Hong Kong at selling price of HK\$138,000,000 (the "Disposal"). The Disposal was completed on 20 September 2018 and generated a capital gain of HK\$82,319,818.

The property market in Hong Kong remained stable during the year. The Group's fair value of investment properties was increased by 11.6% and a fair value gain of HK\$63,609,939 (2018: HK\$44,500,000) was recorded during the year. As at 31 March 2019, the Group's investment properties portfolio amounted to HK\$610,800,000 (2018: HK\$514,100,000).

PROPERTY DEVELOPMENT

For the year ended 31 March 2019, the Group recorded a fair value loss of HK\$12,800 (2018: fair value gain of HK2,722,592) on property held for or under development.

In the last financial year, the Company completed the disposal of the 100% equity interest in Winful Far East Limited, a wholly-owned subsidiary of the Company, which solely held the land located at Lot Nos. 42RP and 122RP in demarcation district 121 Yuen Long, Ping Shan, New Territories. The transaction generated a gain of HK\$95,702,400.

Regarding the land located at Lot No. 2874 RP in demarcation district 130 Tuen Mun, Lam Tei, New Territories, the Group re-applied and re-negotiated with the Lands Department for the proposed change from agricultural land use to commercial use in October 2018. As at the date of this report, the application is still in process.

On 9 May 2019, Wing Tai Investment Limited, a wholly-owned subsidiary of the Company, entered into a Provisional Sale and Purchase Agreement (the "Provisional Agreement") with the Seller, an independent third party, in relation to the acquisition of the Remaining Portion of Kowloon Inland Lot No. 2123 together with the messuages erections and buildings thereon (if any) (here known as "31 Fuk Tsun Street") at a purchase price of HK\$410,000,000 (the "FTS Acquisition"). The FTS Acquisition is scheduled to be completed on 10 September 2019, subject to shareholders' approval for such acquisition in the forthcoming extra-ordinary general meeting ("EGM") of the Company.

BUSINESS REVIEW *(Continued)*

SHARE INVESTMENTS AND DIVIDEND INCOME

Dividend income increased by HK\$1,376,004 (or 20.3%) to HK\$8,146,917 as compared to last year. The increase was mainly due to increase in holding of shares in the first half of the financial year.

During the year, the Group recorded a realised gain on disposal of trading securities of HK\$1,580,466 (2018: HK\$1,514,643). Upon the adoption of HKFRS 9 on 1 April 2018, the Group elected all long term equity investment, which was previously classified as "available-for-sale financial assets", as "FVTOCI equity investment". During the year, the Group realised a gain of HK\$3,634,562, which was directly transferred from fair value reserve (non-recycling) to retained profits. The gain on disposal of FVTOCI equity investment was attributable mainly to the sale of various securities, including CLP Holdings Limited (stock code: 2) and New World Development Company Limited (stock code: 17), at a total consideration of approximately of HK\$6,000,000. In last year, the Group realised a gain on disposal of available-for-sale financial assets of HK\$6,304,733 and recorded in the statement of profit or loss under HKAS 39.

During the first half of the financial year, the securities market was volatile and in a correction period. The Group considered it might be good opportunity to strengthen and diversify its shares investment portfolio. The Group purchased certain listed securities at a total cost of approximate of HK\$17,000,000 for long-term investment during the year. The major purchases included China Petroleum & Chemicals Corporation (stock code: 386), Huaneng Power International Inc. (stock code: 902) and BBMG Corporation (stock code: 2009). Also, the Group made a portfolio adjustment on the trading securities and recorded a net purchase of HK\$18,450,000 during the year. The Group mainly increased the shareholding of blue chip stocks including China Life Insurance Co. Ltd. (stock code: 2628), New World Development Co. Ltd. (stock code: 17) and China Petroleum & Chemicals Corporation (stock code: 386).

During the year, the Group recorded an unrealised loss on trading securities of HK\$4,353,446 (2018: unrealised gain of HK\$10,619,074) and unrealised gain on FVTOCI equity investment of HK\$1,897,730 (2018: unrealised gain on available-for-sale financial assets of HK\$10,242,413) which were recorded in the statement of profit or loss and other comprehensive income respectively. As at 31 March 2019, the Group's listed share investment portfolios had an aggregate fair value of HK\$208,773,698 (2018: HK\$184,823,030).

Subsequent to the reporting period, the Group disposed of various FVTOCI equity investment at a total consideration of approximate of HK\$6,700,000 and generated a gain of approximate of HK\$3,300,000. Also, following a decline in Hong Kong Hang Seng Index, the market value of the Group's share investment portfolio (for long-term investment and trading purpose) as at 25 June 2019 dropped by approximately of HK\$9,500,000, as compared to 31 March 2019.

CHAIRMAN'S STATEMENT

BUSINESS REVIEW *(Continued)*

SHARE INVESTMENTS AND DIVIDEND INCOME *(Continued)*

Details of the Group's share investment portfolios as at 31 March 2019 for long-term investment and trading purposes are set out in Table 1 and Table 2 below, respectively:

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

Stock code	Stock name	Principal business	Investment costs (HK\$'000)	Fair value at 31.3.2019 (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	8,685	22,738	1.7%	3,436	2,932	804
2. 5	HSBC Holdings Plc	Financials	25,319	22,888	1.7%	(3,607)	-	1,417
3. 17	New World Development Co. Ltd.	Properties & Construction	13,170	19,072	1.4%	2,999	702	718
4. 388	Hong Kong Exchanges and Clearing Limited	Financials	11,330	15,067	1.1%	1,037	-	519
5. 1	CK Hutchison Holdings Limited	Conglomerates	9,479	8,261	0.6%	(1,147)	-	295
6. 1113	CK Assets Holdings Limited	Properties & Construction	-	6,993	0.5%	396	-	175
7. 1398	ICBC - H Shares	Financials	6,881	6,907	0.5%	(835)	-	248
	Others (note (1))		27,593	26,523	2.0%	(381)	-	379
Total			102,457	128,449	9.5%	1,898	3,634	4,555

Note (1): Other securities included nine stocks listed in Hong Kong, six of which were current constituents of Hang Seng Index and their principal businesses mainly included conglomerates, financials, energy and utilities. 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 31.3.2019 (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. 5	HSBC Holdings Plc	Financials	28,776	22,324	1.6%	(3,518)	-	1,382
2. 388	Hong Kong Exchanges and Clearing Limited	Financials	4,467	11,672	0.9%	803	54	498
3. 2628	China Life Insurance Company Limited - H share	Financials	9,605	10,104	0.8%	499	45	97
4. 1398	ICBC - H Shares	Financials	8,388	7,475	0.6%	(1,274)	-	339
5. 17	New World Development Co. Ltd.	Properties & Construction	5,702	7,037	0.5%	1,139	635	470
6. 3988	Bank of China Limited - H Shares	Financials	6,556	6,294	0.5%	(1,167)	-	337
7. 386	China Petroleum & Chemical Corporation - H share	Energy	6,789	5,881	0.4%	(953)	350	187
8. 12	Henderson Land Development Company Limited	Properties & Construction	3,085	5,118	0.4%	353	-	166
	Others (note (1))		8,502	4,419	0.3%	(235)	496	116
Total			81,870	80,324	6.0%	(4,353)	1,580	3,592

Note (1): Other securities included three stocks listed in Hong Kong, one of which was current constituents of Hang Seng Index and its principal business is financials. 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.

CHAIRMAN'S STATEMENT

BUSINESS REVIEW *(Continued)*

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2019, the Group's total bank borrowings were HK\$20,525,200 which were wholly repayable within 2 years (2018: HK\$22,454,800 which were wholly repayable with 5 years) based on the initial terms thereunder. Subsequent to the reporting period, the bank agreed to re-finance the existing bank loans which would be wholly repayable in 5 years. All of the Group's bank borrowings are at floating interest rates. The Group's gearing ratio, which was taken as bank borrowings to total shareholders' equity, decreased from 1.9% to 1.6%. 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 re-negotiation in April 2020. 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 2019, the Group held an amount of HK\$518,167,105 in cash (2018: HK\$462,390,765). Subsequent to the reporting period, the Group paid the stamp duty and deposit amounting to HK\$123,000,000 and HK\$41,000,000 in relation to the FTS Acquisition respectively. The management is in negotiation with the banks for new credit line for the FTS Acquisition and related development expenditure. 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 (not limited to FTS Acquisition and its related development expenditure) and loan repayment obligations. 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 2019, the Group's investment properties with an aggregate carrying value of HK\$332,400,000 (2018: HK\$212,700,000) were pledged to a bank to secure general banking facilities granted to the Group.

RISK AND UNCERTAINTY

The Group is generally operating in an ever-changing business and economic environment. Value of properties may fluctuate according to property market trends and affected by other relevant measures implemented by the Hong Kong government from time to time. The cooling measure on the residential market potentially has a dampening effect on the number of transactions and the value of the residential market in the short run. The Group would take the above into consideration when deciding 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 expects that the property market will be exposed to these risks. In this respect, the Group regularly assess the overall economic, political, and regulatory measures for the real estate market in Hong Kong and particularly when deciding on buying and selling strategies. In addition, the Group regularly strengthen the quality of its property portfolio so as to help the Group to improve its performance. For each material potential investment, feasibility study will be carried out before the proposed acquisition and focus will be placed on long-term prospect instead of short-term prospect.

The Group would invest in capital expenditure and raise long-term borrowings based on periodic feasibility studies 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 remains cautious and prudent in identifying and minimizing such risk.

BUSINESS REVIEW *(Continued)*

RISK AND UNCERTAINTY *(Continued)*

Generally speaking, the actual and the expected global and mainland China economic growth and global political factor affect the value and performance of listed shares 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 composition of shares in the Group's investment portfolio, resulting in timely 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. Details of the Group's price risk management are set out in note 36(d) to the Group's consolidated financial statements.

The Group is also subject to credit risk, liquidity risk, and interest rate risk in the normal course of the Group's business. Particulars of financial risk management of the Group are set out in note 36 to the Group's consolidated 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 securities 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 2019, the Group had four (2018: four) employees (excluding two 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 based on 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 environmentally-sensitive businesses during the year. The "Environmental Policy" was formulated by the Group as a guide for the environmental protection practices in the Group's operations during the year.

In the course of its daily operations, the Group continues to implement feasible measures to reduce paper and electricity consumption in office. Also, the Group is inclined to let out its properties to eligible tenants with tendencies to carry out environmentally sustainable business practices. 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 2019. Disclosure relating to the Group's environment policy and performance are set out in the section headed "Environment" of the Environmental, Social and Governance Report ("ESG Report") on pages 25 to 31 of this annual report.

CHAIRMAN'S STATEMENT

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group continues to commit to comply with the relevant laws and regulations in Hong Kong, such as the 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. There were no confirmed non-compliance incidents resulting in fines or prosecution during the year ended 31 March 2019.

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-years of good relationship with its largest tenant, with good creditability. Also, half the number of employees has worked with the Group for at least 10 years.

PROSPECTS

Completion of the acquisition of the 66 MTC Property in June 2018 has enhanced the completeness of the MTC Project. The Board expects 60-66 MTC Property will be in vacant possession in late September 2019. The Board plans to demolish the building in second half of financial year 2019/20. Subsequently, the annual rental would be further reduced by HK\$2 million (or 11% of annual rental income in the current year). The Board expects stamp duty of HK\$17,407,000 to be claimed back in future under the exemption to payment of buyer's stamp duty ("BSD") and ad valorem stamp duty ("AVD").

On 9 May 2019, Wing Tai Investment Limited, a wholly-owned subsidiary of the Company, entered into a Provisional Agreement in relation to the FTS acquisition at a purchase price of HK\$410,000,000. Should the FTS Acquisition be approved by the shareholders of the Company in the forthcoming EGM, the FTS Acquisition will be completed on 10 September 2019. The Group will prioritize FTS project and immediately arrange the preparation work on the foundation work and other relevant preparation works.

The Hong Kong Government has implemented tightened measures to cool down the residential market. In 2018 Policy, the Government has proposed land reclamation in Lantau Island in order to increase the supply of land. It also proposed cooperation with the private enterprise in residential sector. The Group will monitor the latest land development policy of the Hong Kong Government.

CHAIRMAN'S STATEMENT

PROSPECTS *(Continued)*

The worldwide economic environment is full of uncertainty. Trade war between US and China has been ongoing since June 2018, and unfavorably affects the trading index in China. The longer the period they take to negotiate with each other, the more volatile in the securities market and uncertainty in economic environment remain. Brexit process also creates volatility in the securities market. The Group will keep a close watch of market changes and make appropriate strategic adjustments to the Group's assets portfolio in order to maximize the returns to shareholders of the Company. The Group will keep its current business strategy plan for identifying high yield property investments and at the same time evaluate and balance the risk and return for each potential investment.

APPRECIATION

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, 26 June 2019

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 set out below, the Company has complied with all Code Provisions of the Code throughout the year ended 31 March 2019 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 re-election by shareholders at the first general meeting after their appointment. They will hold office until the next annual general meeting at which they are eligible for re-election; and
4. The Group has not arranged insurance cover in respect of legal action against its directors as the Board considers that 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 2019.

BOARD OF DIRECTORS

After the resignation of Dr. Loke Yu alias Loke Hoi Lam as independent non-executive director of the Company with effect from 3 April 2018 and appointment of Mr. Heng Pei Neng, Roy as independent non-executive director of the Company with effect from 3 April 2018, up to date of this report, the number of directors in the board remained at eight. The current Board comprises two executive directors (one of whom is the 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 37 to 38.

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 two executive directors. 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 on 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 include 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 held during the year, the directors received at least 14 days prior written notice of the relevant meeting and an agenda with supporting paper(s) no less than three 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 2019, 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 2019

	Scheduled board meetings(i)	Audit committee meetings(ii)	Remuneration committee meeting	Nomination committee meetings	Corporate governance committee meeting	AGM 2018 (ii)
Executive directors						
Mr. Ng Tai Wai (<i>Chairman</i>)	5/5	N/A	1/1	N/A	1/1	1/1
Mr. Ng Tai Yin, Victor	4/4	N/A	N/A	2/2	N/A	1/1
Non-executive directors						
Mr. So Kwok Leung	4/4	N/A	N/A	N/A	1/1	1/1
Mr. So Kwok Wai, Benjamin	4/4	3/3	N/A	N/A	N/A	1/1
Ms. Ng Kwok Fun	4/4	N/A	N/A	N/A	N/A	1/1
Independent non-executive directors						
Dr. Ng Chi Yeung, Simon	5/5	3/3	1/1	2/2	1/1	1/1
Ms. Chan Suit Fei, Esther	5/5	3/3	1/1	2/2	1/1	1/1
Mr. Heng Pei Neng, Roy (iii)	5/5	3/3	1/1	2/2	1/1	1/1
Dr. Loke Yu alias Loke Hoi Lam (iii)	N/A	N/A	N/A	N/A	N/A	N/A

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS *(Continued)*

- (i) Included one meeting held by the Chairman and independent non-executive directors without the attendance of executive directors in February 2019.
- (ii) External auditors also attended the meetings.
- (iii) Mr. Heng Pei Neng, Roy was appointed on 3 April 2018 and Dr. Loke Yu alias Loke Hoi Lam was resigned on 3 April 2018.
- (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 the 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:

	Attending expert briefings/seminars/webinars/ conferences/forums relevant to the business or directors' duties	Reading regulatory updates, journals/articles/materials, etc
Mr. Ng Tai Wai (<i>Chairman</i>)	✓	✓
Mr. Ng Tai Yin, Victor		✓
Mr. So Kwok Leung		✓
Mr. So Kwok Wai, Benjamin		✓
Ms. Ng Kwok Fun	✓	✓
Dr. Ng Chi Yeung, Simon	✓	✓
Ms. Chan Suit Fei, Esther	✓	✓
Mr. Heng Pei Neng, Roy	✓	✓

CHAIRMAN AND CHIEF EXECUTIVE

Mr. Ng Tai Wai is the Chairman of the Board and none of the directors has been designated as chief executive during the year ended 31 March 2019.

During the year ended 31 March 2019, 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 two executive directors. 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.

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.

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 Ms. Chan Suit Fei, Esther, Mr. Heng Pei Neng, Roy and Mr. Ng Tai Wai. On 3 April 2018, Dr. Loke Yu alias Loke Hoi Lam ceased to be a committee member of the remuneration committee. At the same time, Mr. Heng Pei Neng, Roy was appointed as a committee member.

During the year ended 31 March 2019, one committee meeting was held at which there was a 100% attendance rate. Individual attendance of each committee member is shown on page 13 in the section headed "Board of directors".

The work performed by the remuneration committee during the year ended 31 March 2019 included the following:

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

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. Ng Chi Yeung, Simon, Mr. Heng Pei Neng, Roy and Mr. Ng Tai Yin, Victor. On 3 April 2018, Dr. Loke Yu alias Loke Hoi Lam ceased to be a committee member and Mr. Heng Pei Neng, Roy was appointed as a committee member of the nomination committee.

During the year ended 31 March 2019, two meetings of the committee were held with 100% attendance rate. Individual attendance of each committee member is shown on page 13 in the section headed "Board of directors".

The work performed by the nomination committee during the year ended 31 March 2019 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;
- recommendation to the Board for re-election of the retiring directors at the AGM 2018;
- review of the revised terms of reference of nomination committee; and
- formally formulation and review of the Nomination Policy, and recommendation to the Board for the adoption in March 2019.

The Board and the nomination committee are of the view that the current mix of our Board members is balanced and diverse.

NOMINATION POLICY

Nomination Policy was formally written and adopted in March 2019. The Nomination Committee assists the Board in making recommendation to the Board on appointment/re-appointment of directors and succession planning for directors. The policy sets out process and procedures which govern the nomination of directors of the Board applicable to both new appointments and re-appointments.

In accordance with the Company's Articles of Association #115, all newly appointed directors are subject to election by shareholders at the following annual general meeting ("AGM") after appointment.

In accordance with the Company's Articles of Association #110, at each AGM, one-third of the directors (if the number is not 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.

NOMINATION POLICY *(Continued)*

SELECTION CRITERIA

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.

NOMINATION PROCEDURES FOR APPOINTMENT AND RE-APPOINTMENT

APPOINTMENTS BY THE BOARD

The Nomination Committee has been delegated authority to identify potential candidates for appointment to the Board through different means, including recommendations from existing directors or any other means that it deems appropriate.

Once a candidate has been identified, the Company Secretary, on behalf of the Nomination Committee, will request the candidate to provide his/her biographical information and other additional information and documents deemed necessary, including but not limited to (i) information on his/her interests in the securities of the Company (if any); (ii) his/her consent to act as a Member and disclosure of information relating to his/her proposed appointment; and (iii) for an independent non-executive director candidate, his/her declaration of independence in accordance with the criteria under the Listing Rules.

The Nomination Committee will review and take reasonable steps to verify the information obtained from the candidate and seek clarification, where required. The Nomination Committee may, at its discretion, invite the candidate to meet with the Committee members in order to assist them in their consideration of the proposed nomination or recommendation. The Nomination Committee will then make recommendations for the Board's consideration and approval.

APPOINTMENTS BY THE SHAREHOLDERS AT A GENERAL MEETING

For the procedures of shareholders' nomination of any proposed candidate for election as a director, please refer to the "Procedure for Nomination of Directors by Shareholders", which is available on the Company's website.

CORPORATE GOVERNANCE REPORT

NOMINATION POLICY *(Continued)*

NOMINATION PROCEDURES FOR APPOINTMENT AND RE-APPOINTMENT *(Continued)*

RE-APPOINTMENT AT A GENERAL MEETING

The Nomination Committee will review the profile of the existing directors who have offered themselves for re-appointment to consider their suitability in the light of the Group's corporate strategy, the structure, size and composition of the Board at that time. The Nomination Committee will then make recommendations for the Board's consideration and the Board will, at its discretion, make recommendations to the Shareholders.

For those existing independent non-executive directors, who have offered themselves for re-appointment and serve the Company more than 9 years, the Nomination Committee shall consider the reason why they are still independent and therefore eligible for re-election. The Nomination Committee will then make recommendations for the Board's consideration and the Board will make recommendations to the Shareholders.

CORPORATE GOVERNANCE COMMITTEE

The corporate governance committee has been established since 13 March 2012. It currently consists of three independent non-executive directors, one executive director and two non-executive directors. 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 Mr. Heng Pei Neng, Roy and the committee members are Dr. Ng Chi Yeung, Simon, Ms. Chan Suit Fei, Esther, Mr. Ng Tai Wai, Mr. So Kwok Leung and Ms. Ng Kwok Fun. On 3 April 2018, Dr. Loke Yu alias Loke Hoi Lam resigned as the chairman of the corporate governance committee and Mr. Heng Pei Neng, Roy was appointed as the chairman of the corporate governance committee.

During the year ended 31 March 2019, one meeting of the committee was held with 100% attendance rate. Individual attendance of each committee member is shown on page 13 in the section headed "Board of directors".

The work performed by the corporate governance committee during the year ended 31 March 2019 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 2019.

AUDIT COMMITTEE

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

The chairman of the audit committee is Mr. Heng Pei Neng, Roy and the committee members are Dr. Ng Chi Yeung, Simon, Mr. So Kwok Wai, Benjamin, and Ms. Chan Suit Fei, Esther. On 3 April 2018, Dr. Loke Yu alias Loke Hoi Lam resigned as the chairman of the audit committee and Mr. Heng Pei Neng, Roy was appointed as the chairman of the audit committee.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE *(Continued)*

During the year ended 31 March 2019, three meetings of the committee were held with 100% attendance rate. Attendance of individual member is shown on page 13 in the section headed "Board of directors".

The work performed by the audit committee during the year ended 31 March 2019 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;
- 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; and
- discuss of change of auditor of the Group.

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 2019 is as follows:

	HK\$
Audit fee	257,000
Other non-audit services	
Interim review	46,000
Taxation services	23,500
	69,500
Other non-audit professional services provided by affiliated company of the auditors	85,055
Total	411,555

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL

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

RISK GOVERNANCE STRUCTURE

- 1st line defence
 - The Risk Management Team, comprising one executive director and one accountant, was formally set up in June 2017. The team identifies, analyses, evaluates, and manage the Group's financial risk and non-financial risk on an ongoing process.
 - 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.
- 2nd line defence
 - The IPA provides independent and objective assurance on the overall effectiveness of the risk management and internal control system using risk-based approach.
- 3rd line defence
 - 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.

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

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 capability 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 was being found, was submitted to the Audit Committee for review. No significant area of concern has been identified. The Board considers the Group's risk management and internal control systems were effective and adequate 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.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

PROCEDURE AND INTERNAL CONTROL FOR HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company complies with requirements of the 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 ensuring that information contained in announcements is 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.

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 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 38. During the year ended 31 March 2019, the company secretary undertook over 15 hours of professional training to update her skills and knowledge.

CORPORATE GOVERNANCE REPORT

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 or September.

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. "Procedure for Nomination of Directors by Shareholders" is published in the section "Memorandum and Article of Association" of the Company's corporate website.

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.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHT *(Continued)*

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

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, the 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.

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. Shareholders may also direct enquires to the Board via email at ir@winfairinvestment.com.

CORPORATE GOVERNANCE REPORT

INVESTOR RELATIONS

There were no changes to the Company's constitutional documents during the year ended 31 March 2019.

DIVIDEND POLICY

The Company considers stable and sustainable returns to the shareholders of the Company to be our goal.

The Company continues to adopt a stable dividend policy. It is our intention that the Company follows a policy of paying a fixed amount of dividend per Ordinary Share and dividends will be declared and paid twice per year. Subject to consideration being given to the matters described in paragraph 4 in this section, which is extracted from the Company's dividend policy, the Company intends to pay 2 HK cents per Ordinary Share for interim dividend and pay 12 HK cents per Ordinary Share for final dividend, and provided that there is sufficient distributable reserve pursuant to the relevant provisions of the Companies Ordinance.

The Board may evaluate "special dividend" on a case by case basis especially generating substantial capital gain on disposal of the Company's or the Group's assets.

When setting the dividend, the Board shall take into account the following:

- the financial results of the Company and its subsidiaries (collectively known as "the Group");
- the general financial position of the Group;
- the actual and future operations and liquidity position of the Group;
- the earnings trend and potential growth;
- the future capital commitments;
- the future investment plans;
- the future loan repayment and other obligations;
- the shareholders' and investors' expectation and industry's norm;
- the retained profits and distributable reserves of the Company and the Group;
- the general market conditions; and
- any other factors that the Board deems appropriate.

A decision to declare and pay any dividend requires the approval of the Board at its discretion, subject to the Companies Ordinance and the Articles of Association of the Company. Any final dividends declared by the Company must be approved by an ordinary resolution of the Shareholders at an Annual General Meeting and must not exceed the amount recommended by the Board.

The Board may from time to time review the dividend policy and may exercise at its sole and absolute discretion to update, amend and/or modify the policy at any time as it deems fit and necessary. There is no assurance that dividends will be paid in any particular amount for any given period.

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 environmentally sensitive business during the year. The environmental impact arising from the course of business activities and operation is considered to be remote. During the year, the Group did not generate any material direct or indirect air emissions, discharges into water or land, 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.

In order to be a responsible corporation, the “Environmental policy” was formally written and adopted in March 2017. The Group continuously encourages its 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. Also, there were no confirmed environmental non-compliance incidents resulting in fines or prosecution during the year.

EMISSION

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL *(Continued)*

USE OF RESOURCES

The Group is committed to using our resources efficiently in order to reduce our operating costs as well as our carbon footprint during the course of business. During the year, the two major types of resources consumed by the Group were indirect energy (i.e. electricity) and paper. The Group primarily reduces (1) electricity consumption and (2) paper consumption in the office through implementation of the following measures:

Reduction of electricity consumption	Reduction of paper consumption
– Switching off the lights and air-conditioners when the conference/other rooms are not occupied.	– Increasing use of email instead of traditional fax machine when receiving incoming document/message.
– Buying energy-saving 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 sides of paper for printing and copying.
– Turning off the office appliances at the end of office hours.	– Using “Think before you Print” approach before printing.
– Raising environmental awareness among staff.	

During the year, there was no material change in the electricity and paper usage as compared to the previous year. 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 operations of the Group had no significant impact on the environment and natural resources during the year, the Group believes that every corporation has its responsibility to protect our planet, including but 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 our 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 compliance with relevant laws and regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL *(Continued)*

ENVIRONMENTAL DATA SUMMARY

The performance summary of the environmental data covers the Group's operation in Hong Kong is as follows:

(a) EMISSION

Indicators	Notes	2019		2018		Changes	
		(CO ₂ -e)	(%)	(CO ₂ -e)	(%)	(CO ₂ -e)	(%)
Total GHG emissions (Scope 1, 2 & 3) (tonnes)	(i)	11.20		10.94		0.26	2.4
Direct emissions (Scope 1)		0.00	0.0	0.00	0.0	0.00	0.0
Indirect emissions (Scope 2) (tonnes)							
– Electricity purchased from the power company	(ii)	8.04	71.8	7.64	69.8	0.40	5.2
Indirect emissions (Scope 3) (tonnes)							
– Local travel	(iii)	0.05	0.4	0.07	0.6	(0.02)	(28.6)
– Disposal of paper waste to landfill							
– office paper	(iv)	0.24	2.2	0.38	3.5	(0.14)	(38.8)
– paper for printing publications	(v)	2.87	25.6	2.85	26.1	0.02	0.7

Notes

- (i) The classification of scope of GHG Emissions follows the “Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Building (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 Edition)” issued by Electrical and Mechanical Services Department and Environmental Protection Department.
- (ii) GHG emissions were mainly derived from the electricity purchased in Hong Kong and used in office. The GHG emissions of the Group were quantified based on emission factors (i.e. 0.51 kg CO₂-e per 1 kWh) from CLP Power Hong Kong Limited. Such emission factor is extracted from the information in the Sustainability Report of CLP Holdings Limited (2018).
- (iii) Emission data relating to local travel by employees is based on the amount of money (Hong Kong Dollars) spent on the fare. Emission factor of fare of different public transport is referenced by Carbon Footprint Management Toolkit for Sustainable Low-Carbon Living published by City University of Hong Kong in June 2013 (website: www6.cityu.edu.hk/aerc/cft).
- (iv) GHG emissions due to disposal of paper waste. The amount of paper in storage at the beginning, at the end of reporting period and paper recycling are assumed to be zero as no such data is available. The annual paper waste disposed to landfill is assumed to be amount of paper purchased during the year.

For simplifying the accounting process, the default emission factor assumes that the total raw amount of CH₄ emitted throughout the whole decomposition process of the paper waste disposed at landfills will be emitted into the atmosphere within the same reporting period as paper waste collected. In addition, the default value does not take into account the reduction in emission due to collection, recovery and utilization of landfill gas due to the management practices at landfills.

- (v) Includes paper used for printing corporate financial statements and circulars. The annual paper waste disposed to landfill is assumed to be amount of printed publications during the year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL *(Continued)*

ENVIRONMENTAL DATA SUMMARY *(Continued)*

(b) **ELECTRICITY CONSUMPTION**

Indicators	Note	2019	2018	Changes	(%)
Indirect energy consumption (kWh)					
– Electricity	(i)	15,770	14,980	790	5.3
Expenses on energy consumption (HK\$)		19,855	18,470	1,385	7.5

Note

- (i) Energy consumption data was based on the amount of purchased electricity and the relevant conversion factors provided by the International Energy Agency.

(c) **PAPER CONSUMPTION**

Indicators	Notes	2019	2018	Changes	(%)
Total paper consumption (kg)					
– Office paper	(i)	49.90	79.83	(29.93)	(37.5)
– Paper for printing publications	(ii)	597.50	593.00	4.50	0.8

Notes

- (i) As no data is available for account for the total number of new paper consumed, either one-side or both-side, or the number of recycled paper used, or envelope used during the operation. The annual office paper consumed is assumed to be the amount of paper purchased during the year.

- (ii) Includes paper used for printing corporate financial statements and circulars.

(d) **WATER CONSUMPTION**

Indicators	Note	2019	2018	Changes	(%)
Total water consumption (m ³)	(i)	N/A	N/A	N/A	N/A

Note

- (i) The Group operated in self-owned office premises in Hong Kong of which both water supply and discharge were solely controlled by the respectively building management which did not provide water withdrawal and discharge data or sub-meter for individual occupants. No data is available.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SOCIAL

EMPLOYMENT AND LABOUR PRACTICE

The Company's emolument policy is to ensure that the remuneration offered to employees is 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. Each employee's remuneration package includes public holidays, annual leave, mandatory provident fund contributions, year-end bonus, maternity leave, study and examination leave, sick leave, family leave due to seriously health conditions of close relatives, and bereavement leave.

The Group promotes equal opportunity of employment. The Group aims to maintain diversity of workforce, including in terms of age, gender, personality, cultural and religious backgrounds. 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 laws.

As at 31 March 2019, the Group had a total of four permanent and full-time employees.

Indicators	2019	2018
Number of employees	4	4
<i>By gender</i>		
– Female	2	2
– Male	2	2
<i>By age group</i>		
– Below 35	2	2
– 35 to 55	1	1
– Over 55	1	1
Number and rate (%) of employee turnover	0 (0%)	0 (0%)
Average year of services	10.8	9.8
Number of employees eligible to retire with the next five years	1	N/A

To maintain work-life balance, the Company holds lunch gatherings to celebrate traditional Chinese festivals such as Lunar New Year, Mid-Autumn Festival and Winter Solstice Festival, etc. The Group also encourages its employees to work and rest in accordance with the working hours and rest periods stipulated by the relevant Hong Kong laws and regulations.

During the year, the Group was not aware of any violations of laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare and other relevant employment laws and regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SOCIAL *(Continued)*

WORKPLACE HEALTH AND SAFETY

The Group is committed to providing a safe and healthy working environment as the Group believes that its employees are valuable assets of the Group. As the Group does not engage in high-risk industry, the management considers there are relatively few occupational hazards as compared to other high-risk industries such as the 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 regulations relating to providing a safe working environment and protecting employees from occupational hazards. The Group was not prosecuted in relation to any occupational health and safety violations or matters. The Group had neither any work-related fatalities nor reportable injuries/occupational disease during the year.

DEVELOPMENT AND TRAINING

The Group encourages employees to self-improve through supplementary training courses or programs (not limited to job-related courses or degrees in approved recognized educational institutions). The Group believes continuous professional training helps employees in discharging duties at work. For this purpose, the Group grants study and exam leave for employees. In addition, the Group encourages employees to join external seminars which are related to our business, or laws and regulations updates.

Indicators	Notes	2019	2018
Total number and percentage (%) of employees who received training/education		2 (50%)	3 (75%)
<i>By gender</i>			
– Female		1 (50%)	1 (50%)
– Male		1 (50%)	2 (100%)
Total number of hours of job-related training/education received by employees	(i)	80	342
<i>By gender</i>			
– Female		40	32
– Male		40	310
Average number of hours of job-related training/education received by employees		20	86
Total number of days granted to employees for academic exam/study leaves		0	12
Total number of hours granted to employees for external seminar and webinar during office hour	(ii)	6	16

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SOCIAL *(Continued)*

DEVELOPMENT AND TRAINING *(Continued)*

Notes

- (i) The annual confirmations were received from employees. The employees attended training/academic courses after office hours.
- (ii) Exclusive of self-learning or self-reading of business related articles/journals or legislation through the website during the office hours.

OPERATIONAL PRACTICE

SUPPLY CHAIN MANAGEMENT

The Group encourages our suppliers (which are 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 of finishing the task on time without violating any environmental regulations especially handling repairs materials waste. The Group ensures that all parties involved in the procurement process participate fairly, honestly and in good faith.

PRODUCT RESPONSIBILITY

The Group is committed to providing a safe structural conditions of commercial shops and residential flats for the tenants. As we are not a manufacturing company, disclosure relating to product responsibility, as set forth in the ESG Guide, is not applicable to the Group.

ANTI-BRIBERY AND ANTI-CORRUPTION

The Group aims to maintain the highest standards of transparency, uprightness and accountability. The code of conduct on anti-corruption was previously set out. All our employees are informed and 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. If any suspicious case is found, employees are encouraged to report directly to the chairman of the Audit Committee of the Company.

During the year, the Group was not aware of any violations of the relevant laws and regulations. There were no confirmed incidents or public legal cases regarding corruption in relation to the Group or its employees.

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 work is not limited to participating in the flag days, raffle days or other community events which help persons in need. The Group's employees and directors contributed about 142 (2018: 142) hours of volunteer services in aggregate 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 2019.

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 2019.

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

BUSINESS REVIEW

Discussion and analysis of the Group's principal activities, as 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's Statement set out on pages 3 to 11 in this Annual Report. 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 2019 and the financial position of the Company and of the Group at that date are set out in the Group's consolidated financial statements on pages 43 to 95.

DIVIDENDS

An interim dividend of HK\$0.02 per share and interim special dividend of HK\$0.05 per share, totaling HK\$2,800,000, were 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 2019.

SHARE CAPITAL

Particular of the movements in share capital of the Company are set out in note 26 to the Group's consolidated financial statements.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year.

RESERVES

The movements in reserves of the Group and the Company during the year are set out in note 27 to the Group's consolidated financial statements.

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

Non-executive directors*:

So Kwok Leung
So Kwok Wai, Benjamin
Ng Kwok Fun

Independent non-executive directors:

Ng Chi Yeung, Simon
Chan Suit Fei, Esther
Heng Pei Neng, Roy (Appointed with effect from 3 April 2018)
Loke Yu alias Loke Hoi Lam (Resigned with effect from 3 April 2018)

* All executive and non-executive directors are also directors of all the subsidiaries of the Company.

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.

The Company has received confirmation from each of the independent non-executive directors as regards their independence with respect to the Company for the year and considers that each of the independent non-executive directors is independent from 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, Dr. Ng and Ms. Chan 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. Dr. Ng and Ms. Chan 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 2019, 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				
Executive directors:							
Ng Tai Wai	3,899,077	–	3,370,500*	–	7,269,577	18.2%	
Ng Tai Yin, Victor	1,886,000	–	–	12,800,423 [#]	14,686,423	36.7%	
Non-executive directors:							
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%	
Ng Kwok Fun	105,000	–	–	–	105,000	0.3%	

* 3,370,500 shares attributable to Mr. Ng Tai Wai and the estate of the deceased Mr. Ng See Wah, were held by Rheingold Holdings Limited, a company beneficially owned by Mr. Ng Tai Wai and the estate of the deceased Mr. Ng See Wah.

[#] 12,800,423 shares attributable to Mr. Ng Tai Yin, Victor, were held by Mr. Ng Tai Yin, Victor in his capacity as administrator of and on trust for the estate of his deceased father, Mr. Ng See Wah. Of the 12,800,423 shares, 3,370,500 shares were held by Rheingold Holdings Limited, a company beneficially owned by Mr. Ng Tai Wai, an executive director, and the estate of the deceased Mr. Ng See Wah.

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 2019, no person, other than Mr. Ng Tai Wai, Mr. Ng Tai Yin Victor, Mr. So Kwok Leung and Mr. So Kwok Wai Benjamin, all of whom are directors of the Company, and Rheingold Holdings Limited (jointly owned by Mr. Ng Tai Wai and Ng Tai Yin Victor as an administrator of the estate of Mr. Ng See Wah), had any notifiable interest or short position in the shares or underlying shares of the Company as recorded in the register maintained pursuant to section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS, TRANSACTIONS AND ARRANGEMENTS

None of the directors had any direct or indirect interest in any significant contract, transaction or arrangement with the Company or its subsidiaries during and as 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 2019 attributable to the largest tenant and the five largest tenants in aggregate were 28% and 61% respectively.

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

The Group had no significant purchases during the year ended 31 March 2019.

RETIREMENT SCHEME

Particulars of the retirement scheme are set out in note 4.10 to the Group's consolidated 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 financial statements for the year ended 31 March 2019 were audited by Wong Brothers CPA Limited, Certified Public Accountants (Practising), who will retire at the forthcoming annual general meeting.

Wong Brothers CPA Limited, Certified Public Accountants (Practising), was appointed as the auditor of the Company with effect from 1 April 2019 by the Board following the resignation of Messrs. Wong Brothers & Co., Certified Public Accountants, on 1 April 2019 and to hold office until the conclusion of the forthcoming annual general meeting.

Save as disclosed above, there was no change in auditors of the Company in the past three years.

On behalf of the Board

Ng Tai Wai

Chairman

Hong Kong, 26 June 2019

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Ng Tai Wai, aged 58, was appointed on 2 November 1987 as a director of the Company and was appointed as the Chairman of the Company with effect from 31 March 2017. He is a member of the remuneration committee and the corporate governance committee of the Company. He is also a member of Investment Team and Risk Management Team of the Company. He is responsible 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 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 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 54, 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 is also a member of the Investment Team of the Company. 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 chairman and executive director of the Company, and Ms. Ng Kwok Fun, non-executive director.

NON-EXECUTIVE DIRECTORS

Mr. So Kwok Leung, aged 61, 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. He is also a member of the Investment Team of the Company. He is the elder brother of Mr. So Kwok Wai, Benjamin, a non-executive director of the Company.

Mr. So Kwok Wai, Benjamin, aged 56, was appointed on 9 March 2010 as non-executive director and a member of the audit committee of the Company. He is also a member of Investment Team 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 60, 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 with effect from 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 chairman, and Mr. Ng Tai Yin, Victor, who are both executive directors of the Company.

DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Ng Chi Yeung, Simon, aged 61, 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 61, is a fellow 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 company secretarial services 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.

Mr. Heng Pei Neng, Roy, aged 39, was appointed as independent non-executive director of the Company with effect from 3 April 2018. 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 is currently a director of Morison Heng CPA Limited. He has over 15 years of experience in accounting and auditing of private and public companies, internal control, taxation and financial consultancy. He is a fellow member of Association of Chartered Certified Accountants and member of Hong Kong Institute of Certified Public Accountants and holds a Bachelor of Art (Hons) from Lancaster University in the United Kingdom, majoring in Accounting and Finance.

Dr. Loke Yu alias Loke Hoi Lam, aged 69, was appointed as independent non-executive director of the Company on 2 April 2007 and resigned with effect from 3 April 2018. He was the chairman of the audit committee and the corporate governance committee of the Company during his service tenure. He was 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 serves as an independent non-executive director of, among others, 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, Hong Kong Resources Holdings Company Limited and Zhenro Properties Group Limited, all of which are companies listed on The Stock Exchange of Hong Kong Limited.

COMPANY SECRETARY

Ms. Miamoona Ma, aged 45, 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 member of Risk Management Team and a Head of the Accounting Department and is responsible for financial management and reporting, risk management and reviewing the Group's internal controls.

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's 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 43 to 95 which comprise the consolidated statement of financial position as at 31 March 2019, 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 2019, 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 of 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 AUDITOR'S 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 2019, the fair values of the Group's investment properties and properties held for or under development (collectively known as the "Properties") were HK\$610,800,000 and HK\$4,960,000 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">– Obtaining and inspecting the valuation report prepared by the external property valuer;– Evaluating the independence, qualifications, expertise and objectivity of the external property valuer;– Discussing the valuation methodologies and adjustment factors used; and– Comparing the estimated sales price of similar properties in the comparable market.

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 AUDITOR'S 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 THE 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 HKSAs 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 HKSAs, 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 AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE 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 director of the audit resulting in this independent auditor's report is Kan Shun Ming with the practising certificate no. P01640.

Wong Brothers CPA Limited

Certified Public Accountants (Practising)

1902, China Evergrande Centre,

38 Gloucester Road

Wanchai

Hong Kong

Hong Kong, 26 June 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 HK\$	2018 (i) HK\$
Revenue	7	26,783,152	27,225,759
Other revenue	8	114,000	158,174
Other net income	8	83,813,362	298,225,794
Fair value gain on investment properties		63,609,939	44,500,000
Administrative and general expenses		(6,113,460)	(5,938,279)
Finance cost		(736,951)	(612,580)
Profit before taxation	9	167,470,042	363,558,868
Taxation	12	(1,831,379)	(2,372,720)
Profit after taxation attributable to the equity shareholders of the company		165,638,663	361,186,148
Earnings per share (Basic and diluted)	13	HK\$4.14	HK\$9.03

Note (i): The Group has initially applied HKFRS 9 at 1 April 2018. Under the transition method chosen, comparative information is not restated.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	2019	2018 (i)
	HK\$	HK\$
Profit for the year	165,638,663	361,186,148
Other comprehensive income for the year		
<i>Items that will not be reclassified to profit or loss</i>		
Increase in fair value of FVTOCI equity investment	1,897,730	–
<i>Items that may be reclassified subsequently to profit or loss</i>		
Increase in fair value of available-for-sale financial assets	–	10,242,413
Release of fair value reserve upon disposal of available-for-sale financial assets (ii)	–	(4,495,545)
	1,897,730	5,746,868
Total comprehensive income, net of tax, for the year attributable to equity shareholders of the company	167,536,393	366,933,016

Notes:

- (i) The Group has initially applied HKFRS 9 at 1 April 2018. Under the transition method chosen, comparative information is not restated.
- (ii) This amount arose under the accounting policies applicable prior to 1 April 2018. As part of the opening balance adjustments as at 1 April 2018 the balance of this reserve has been reclassified to fair value reserve (non-recycling) and will not be reclassified to profit or loss in any future periods.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	2019		2018 (i)	
		HK\$	HK\$	HK\$	HK\$
ASSETS					
Non-current assets					
Property, plant and equipment	14		1,633,945		1,712,827
Investment properties	15		610,800,000		514,100,000
Properties held for or under development	16		4,960,000		4,890,000
FVTOCI equity investment – equity shares listed in Hong Kong	17		128,449,291		–
Available-for-sale financial assets – equity shares listed in Hong Kong	18		–		115,597,818
Deposits for acquisition of investment properties			–		27,040,000
			745,843,236		663,340,645
Current assets					
Trading securities – equity shares listed in Hong Kong			80,324,407		69,225,212
Trade and other receivables	20		2,396,738		2,541,616
Tax recoverable			51,723		3,099
Cash and bank balances	21		518,167,105	600,939,973	462,390,765
					534,160,692
Current liabilities					
Trade and other payables	22		4,690,215		5,466,833
Bank borrowings – secured	23		20,525,200		22,454,800
Tax payable			103,886	(25,319,301)	147,066
					(28,068,699)
Net current assets			575,620,672		506,091,993
Total assets less current liabilities			1,321,463,908		1,169,432,638
Non-current liabilities					
Provision for long service payments	24		118,000		118,000
Deferred taxation	25		866,197	(984,197)	826,045
					(944,045)
NET ASSETS			1,320,479,711		1,168,488,593
CAPITAL AND RESERVES					
Share capital	26		40,000,000		40,000,000
Reserves	27		1,280,479,711		1,128,488,593
			1,320,479,711		1,168,488,593

Note (i): The Group has initially applied HKFRS 9 at 1 April 2018. Under the transition method chosen, comparative information is not restated.

Approved by the board of directors on 26 June 2019

Ng Tai Wai
Director

So Kwok Leung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Note	Attributable to equity shareholders of the company					Total HK\$
		Share capital HK\$	Capital reserve HK\$	Fair value reserve (recycling) HK\$	Fair value reserve (non- recycling) HK\$	Retained profits HK\$	
At 1 April 2017		40,000,000	251,046	40,915,146	-	729,945,595	811,111,787
Profit for the year		-	-	-	-	361,186,148	361,186,148
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		-	-	10,242,413	-	-	10,242,413
- Release of fair value reserve upon disposal of available-for-sale financial assets		-	-	(4,495,545)	-	-	(4,495,545)
Total comprehensive income for the year		-	-	5,746,868	-	361,186,148	366,933,016
Dividends paid							
- 2016/17 final dividend (HK\$0.12 per share)		-	-	-	-	(4,800,000)	(4,800,000)
- 2017/18 interim dividend (HK\$0.02 per share)	28	-	-	-	-	(800,000)	(800,000)
- 2017/18 interim special dividend (HK\$0.10 per share)	28	-	-	-	-	(4,000,000)	(4,000,000)
Unclaimed dividend forfeited	28	-	-	-	-	43,790	43,790
At 31 March 2018		40,000,000	251,046	46,662,014	-	1,081,575,533	1,168,488,593
Impact on initial application of HKFRS 9	3	-	-	(46,662,014)	46,662,014	-	-
At 1 April 2018		40,000,000	251,046	-	46,662,014	1,081,575,533	1,168,488,593
Profit for the year		-	-	-	-	165,638,663	165,638,663
Other comprehensive income for the year							
<i>Items that will not be reclassified to profit or loss</i>							
- Increase in fair value of FVTOCI equity investment		-	-	-	1,897,730	-	1,897,730
Total comprehensive income for the year		-	-	-	1,897,730	165,638,663	167,536,393
Transfer of gain on disposal of FVTOCI equity investment to retained profits		-	-	-	(3,634,562)	3,634,562	-
Dividends paid							
- 2017/18 final dividend (HK\$0.12 per share)	28	-	-	-	-	(4,800,000)	(4,800,000)
- 2017/18 final special dividend (HK\$0.20 per share)	28	-	-	-	-	(8,000,000)	(8,000,000)
- 2018/19 interim dividend (HK\$0.02 per share)	28	-	-	-	-	(800,000)	(800,000)
- 2018/19 interim special dividend (HK\$0.05 per share)	28	-	-	-	-	(2,000,000)	(2,000,000)
Unclaimed dividend forfeited	28	-	-	-	-	54,725	54,725
At 31 March 2019		40,000,000	251,046	-	44,925,182	1,235,303,483	1,320,479,711

Note: The Group has initially applied HKFRS 9 at 1 April 2018. Under transition method chosen, comparative information is not restated.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019	2018
		HK\$	HK\$
Operating activities			
Profit before taxation		167,470,042	363,558,868
Adjustments for:			
Gain on disposal of available-for-sale financial assets		–	(6,304,733)
Gain on disposal of investment properties		(82,319,818)	(181,961,940)
Gain on disposal of subsidiary		–	(95,702,400)
Fair value loss/(gain) on properties held for or under development		12,800	(2,722,592)
Fair value loss/(gain) on trading securities		4,353,446	(10,619,074)
Fair value gain on investment properties		(63,609,939)	(44,500,000)
Holding gain on trading securities realised		2,998,474	24,056
Interest income		(5,859,790)	(915,055)
Interest expenses		736,951	612,580
Depreciation		79,472	80,417
Loss on disposal of property, plant and equipment		690	520
Operating profit before working capital changes		23,862,328	21,550,647
(Increase)/decrease in trading securities		(18,451,115)	620,697
Decrease/(increase) in trade and other receivables		144,878	(300,965)
Decrease in trade and other payables		(721,893)	(851,394)
Cash generated from operations		4,834,198	21,018,985
Profits tax paid		(1,883,031)	(2,399,082)
Net cash generated from operating activities		2,951,167	18,619,903
Investing activities			
Purchase of property, plant and equipment		(1,280)	(5,420)
Increase in properties held for or under development		(82,800)	(167,408)
Purchase of investment properties		(61,650,061)	–
Increase in deposits for acquisition of investment properties		–	(27,040,000)
Purchase of FVTOCI equity investment		(16,927,307)	–
Purchase of available-for-sale financial assets		–	(6,075,403)
Proceeds from disposal of FVTOCI equity investment		5,973,564	–
Proceeds from disposal of available-for-sale financial assets		–	10,080,646
Proceeds from disposal of investment properties		137,919,818	315,161,940
Proceeds from disposal of subsidiary		–	108,802,400
Interest received		5,859,790	915,055
Net cash generated from investing activities		71,091,724	401,671,810
Financing activities			
Repayment of bank borrowings	31	(1,929,600)	(1,929,600)
Dividends paid		(15,600,000)	(9,600,000)
Interest paid	31	(736,951)	(612,580)
Net cash used in financing activities		(18,266,551)	(12,142,180)
Net increase in cash and cash equivalents		55,776,340	408,149,533
Cash and cash equivalents at the beginning of year		462,390,765	54,241,232
Cash and cash equivalents at the end of year, equivalent to cash and bank balances	21	518,167,105	462,390,765

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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, FVTOCI equity investment 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 new standards, amendments, 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 2018:

HKFRS 9	Financial Instruments
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment transactions
HKFRS 15	Revenue from Contracts with Customers
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers
HKAS 40 (Amendments)	Investment Property: Transfers of Investment Property
HK(IFRIC) 22	Foreign Currency Transactions and Advance Consideration
Annual Improvement 2014-16 Cycle	Improvements to HKFRSs in relation to HKAS 28 “Investments in Associates and Joint Ventures”

Except for the impact disclosed below, the application of new or revised standards, amendments and improvement to HKFRSs and interpretations in the current year had no material impact on the group’s financial position and results for the current and prior year.

HKFRS 9 FINANCIAL INSTRUMENT

HKFRS 9 replaces HKAS 39 “Financial Instruments: Recognition and Measurement”. It sets out the requirements and measurement of financial assets, financial liabilities, and contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with transition requirement. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 April 2018. Therefore, comparative information continues to be reported under HKAS 39.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

3. ADOPTION OF NEW AND REVISED HKFRSs (Continued)

HKFRS 9 FINANCIAL INSTRUMENT (Continued)

The following table summarises the impact of transition to HKFRS 9 on reserves at 1 April 2018:

	HK\$
Fair value reserve (recycling)*	
Transferred to fair value reserve (non-recycling) relating to equity securities now measured at FVTOCI	(46,662,014)
<hr/>	
Decrease in fair value reserve (recycling) at 1 April 2018	(46,662,014)
<hr/>	
Fair value reserve (non-recycling)	
Transferred from fair value reserve (recycling) relating to equity securities now measured at FVTOCI	46,662,014
<hr/>	
Increase in fair value reserve (non-recycling) at 1 April 2018	46,662,014
<hr/>	

* Fair value reserve (recycling) included the cumulative net change in the fair value of available-for-sale financial assets held at the end of the last reporting period in accordance with HKAS 39.

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(a) CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVTOCI") and at fair value through profit or loss ("FVTPL"). These supersede HKAS 39's four classification categories: held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL.

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest.
- FVTOCI (recycling), if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale.
- FVTPL, if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

3. ADOPTION OF NEW AND REVISED HKFRSs (Continued)

HKFRS 9 FINANCIAL INSTRUMENT (Continued)

(a) CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Continued)

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained profits. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI (non-recycling), are recognised in profit or loss.

The following table shows the original measurement categories for each class of the Group's financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9:

	Carrying amount at 31 March 2018 under HKAS 39 HK\$	Reclassification HK\$	Carrying amount at 1 April 2018 under HKFRS 9 HK\$
Financial assets carried at amortised cost			
Cash and bank balances	462,390,765	–	462,390,765
Trade and other receivables	2,541,616	–	2,541,616
	464,932,381	–	464,932,381
Financial assets measured at FVTOCI (non-recycling)			
FVTOCI equity investment			
– equity shares listed in HK (note (i))	–	115,597,818	115,597,818
Financial assets measured at FVTPL			
– Trading securities (note (ii))	69,225,212	–	69,225,212
Financial assets classified as available-for-sale financial assets under HKAS 39			
Available-for-sale financial assets			
– equity shares listed in HK (note (i))	115,597,818	(115,597,818)	–

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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

HKFRS 9 FINANCIAL INSTRUMENT *(Continued)*

(a) **CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES** *(Continued)*

Notes:

- (i) Under HKAS 39, equity securities not held for trading were classified as available-for-sale financial assets. These equity securities are classified as at FVTPL under HKFRS 9, unless they are eligible for and designated at FVTOCI by the Group. At 1 April 2018, the Group elected to designate these investments as FVTOCI equity investment as the Group holds these investments for long-term and strategic purpose.
- (ii) "Trading Securities" were classified as financial assets at FVTPL under HKAS 39. These assets continue to be measured at FVTPL under HKFRS 9.

HKFRS 9 largely retains the existing requirements in HKAS 39 for the classification and measurement of financial liabilities. Hence, the adoption of HKFRS 9 does not affect the carrying amounts of the Group's financial liabilities as at 1 April 2018.

(b) **CREDIT LOSSES**

HKFRS 9 replaces the "incurred loss" model in HKAS 39 by the expected credit loss ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than the "incurred loss" accounting model in HKAS 39. The ECL model applies to the Group's financial assets measured at amortised cost, but not to the Group's financial assets measured at fair value.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effect. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

For the Group's rental and other receivables, the loss allowance is measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For the Group's other financial assets measured at amortised cost, the loss allowance is measured at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

There is no material impact on the ECLs of the Group due to the change in accounting policy.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

3. ADOPTION OF NEW AND REVISED HKFRSs (Continued)

HKFRS 9 FINANCIAL INSTRUMENT (Continued)

(c) IMPACT ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

The amount by each financial statements' line items affected in the current year and year to date by the application of HKFRS 9 as compared to HKAS 39 that was previously in effect before the adoption of HKFRS 9 is as follows:

	Before adoption of HKFRS 9 HK\$	Impact from adoption of HKFRS 9 HK\$	Amount as reported HK\$
Consolidated statement of profit or loss (extract)			
Gain on disposal of available-for-sale financial assets	3,634,562	(3,634,562)	–
Profit before taxation	171,104,604	(3,634,562)	167,470,042
Taxation	(1,831,379)	–	(1,831,379)
Profit for the year	169,273,225	(3,634,562)	165,638,663
Earnings per share	423.2 HK cents	(9.1 HK cents)	414.1 HK cents
Consolidated statement of profit or loss and other comprehensive income (extract)			
Profit for the year	169,273,225	(3,634,562)	165,638,663
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
– Increase in fair value of FVTOCI equity investment	–	1,897,730	1,897,730
<i>Items that may be reclassified subsequently to profit or loss:</i>			
– Increase in fair value of available-for-sale financial assets	1,897,730	(1,897,730)	–
– Release of fair value reserve upon disposal of available-for-sale financial assets	(3,634,562)	3,634,562	–
Total comprehensive income	167,536,393	–	167,536,393

The adoption of HKFRS 9 has no impact on the net cash flow from operating, investing and financing activities on the consolidated statement of cash flows and has no impact on net assets of the Group.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

3. ADOPTION OF NEW AND REVISED HKFRSs (Continued)

STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT EFFECTIVE

The HKICPA has issued the following new and revised standards, amendments and improvement to HKFRSs and interpretations which are not effective for the group's and the company's financial statements for the year ended 31 March 2019:

		Effective for accounting periods beginning on or after
HKFRS 3 (Amendments)	Definition of a Business	1 January 2020
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation	1 January 2019
HKFRS 16	Leases	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
HKAS 1 and HKAS 8 (Amendments)	Definition of Material	1 January 2020
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement	1 January 2019
HKAS 28 (Amendments)	Long-term interests in Associates and Joint Ventures	1 January 2019
HK(IFRIC) 23	Uncertainty over Income Tax Treatments	1 January 2019
HKFRS 10 & HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Annual Improvement 2015-17 Cycle	Improvements to HKFRSs	1 January 2019

The Group has not early applied the new or revised standards, amendments and improvement to HKFRSs and interpretations that have been issued but are not yet effective for the current accounting year.

Except for the new HKFRS mentioned below, the Directors of the Company anticipate that the application of these new standards, amendments and improvement to HKFRSs and interpretations will have no material impact on the Group's accounting policies, results and financial position.

HKFRS 16 LEASES

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 and the related interpretations when it becomes effective.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

The Group intends to elect the practical expedient not to reassess whether a contract is or contains a lease as at the date of initial application of HKFRS 16. The Group currently considers refundable rental deposits received of HK\$2,548,328 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not rental payments relating to the right to use the underlying assets. Accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits received would be considered as advance lease payments from lessees. The Group expects that application of the HKFRS 16 will have no material impact to the net assets of the Group as at 1 April 2019 (date of initial application of HKFRS 16) for leases in which the Group is the lessor.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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 2019. 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.

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.

When the group loses control of a subsidiary, it is accounted for as a disposal of entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss.

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 accounting policy in note 4.6(ii).

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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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

4.3 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

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.

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 CREDIT LOSSES AND IMPAIRMENT OF ASSETS

(i) CREDIT LOSSES ON FINANCIAL ASSETS AT AMORTISED COST

(a) Policy applicable from 1 April 2018

The group recognises a loss allowance for expected credit losses (“ECL”) on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables and bank balances and cash). ECLs is the difference between all contractual cash flows that are due to the group in accordance with the contract and the cash flows that the group expects to receive, discounted at the effective interest rate determined at initial recognition. The expected cash flows will include cash flows from the sale of collateral held, if any, that are integral to the contractual terms.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effect. This includes information about past events, current conditions and forecasts of future economic conditions.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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

4.6 CREDIT LOSSES AND IMPAIRMENT OF ASSETS *(Continued)*

(i) CREDIT LOSSES ON FINANCIAL ASSETS AT AMORTISED COST *(Continued)*

(a) Policy applicable from 1 April 2018 *(Continued)*

ECLs measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

For the Group's rental and other receivables, the loss allowance is measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date. The ECLs on these assets are assessed individually for debtors.

For the Group's other financial assets measured at amortised cost, the loss allowance is measured at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

In assessing whether credit risk has increased significantly since initial recognition, the group compares the risk of default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effect.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- Failure to make payments of principal or interest on their contractually due dates;
- An actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- An actual or expected significant deterioration in the operating results of the debtor; and
- Existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the group.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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

4.6 CREDIT LOSSES AND IMPAIRMENT OF ASSETS *(Continued)*

(i) CREDIT LOSSES ON FINANCIAL ASSETS AT AMORTISED COST *(Continued)*

(a) Policy applicable from 1 April 2018 *(Continued)*

For internal credit risk management, the group considers an event of default to have occurred when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the group, in full (without taking into account any collaterals held by the group, if any).

The group considers that default has occurred when a financial asset is more than 90 days past due unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk before the amount becomes past due.

Expected credit losses are re-measured at each reporting date to reflect changes in the financial asset's credit risk since initial recognition. Any change in the expected credit loss amount is recognised as an impairment loss or reversal of impairment loss in the statement of profit or loss, with a corresponding adjustment to the carrying amount through a loss allowance account.

At each reporting date, the group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- the lender(s) of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the lender(s) would not otherwise consider;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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

4.6 CREDIT LOSSES AND IMPAIRMENT OF ASSETS *(Continued)*

(i) CREDIT LOSSES ON FINANCIAL ASSETS AT AMORTISED COST *(Continued)*

(b) Policy applicable prior to 1 April 2018

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.

(ii) IMPAIRMENT ON NON-FINANCIAL ASSETS

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

Property, plant and equipment
Investment in subsidiary

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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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

4.7 INVESTMENTS IN EQUITY SECURITIES

The group's policies for investments in equity securities, other than investments in subsidiaries, are set out below.

Investment in equity securities are recognised/derecognised on the date the group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVTPL") for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification.

(i) POLICY APPLICABLE FROM 1 APRIL 2018

– *Trading securities*

Trading securities are held by the group for short-term and for trading purposes. Trading securities are classified as FVTPL financial assets. 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.

– *FVTOCI Equity investments*

An investment in equity securities is classified as fair value through profit or loss ("FVTPL") unless the equity investment is not held for trading purposes and on initial recognition of the investment the group makes an irrevocable election to designate the investment at fair value through other comprehensive income ("FVTOCI") (non-recycling) such that subsequent changes in fair value are recognized in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained profits. It is not recycled through profit or loss.

Equity securities classified as FVTPL or FVTOCI are not subject to the expected credit losses assessment. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss in accordance with the policy set out in note 4.16.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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

4.7 INVESTMENTS IN EQUITY SECURITIES *(Continued)*

(ii) POLICY APPLICABLE PRIOR TO 1 APRIL 2018

– *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 is recognised in profit or loss, 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.

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, unless the effect of discounting would be immaterial, in which case they are stated at cost less allowance for credit losses.

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.

Cash and cash equivalents are assessed for expected credit losses in accordance with the policy in note 4.6(i).

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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

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.

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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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

4.13 TAXATION *(Continued)*

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 assets 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.

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 determined in accordance with expected credit loss model under HKFRS 9 “Financial Instruments”.

In comparative period, 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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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

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.

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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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

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.

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 37 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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

6. SEGMENT INFORMATION (Continued)

The principal activities of each segment are as follows:

Securities investments	– securities investments 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	
	2019	2018	2019	2018	2019	2018	2019	2018
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
STATEMENT OF PROFIT OR LOSS								
Segment revenue – from external customer	9,727,383	8,285,556	17,055,769	18,940,203	-	-	26,783,152	27,225,759
Segment results	4,101,904	17,803,328	13,621,678	15,816,328	75,631	(6,384)	17,799,213	33,613,272
Gain on disposal of available-for-sale financial assets	-	6,304,733	-	-	-	-	-	6,304,733
Gain on disposal of investment properties	-	-	82,319,818	181,961,940	-	-	82,319,818	181,961,940
Fair value gain on investment properties	-	-	63,609,939	44,500,000	-	-	63,609,939	44,500,000
Fair value (loss)/gain on properties held for or under development	-	-	-	-	(12,800)	2,722,592	(12,800)	2,722,592
Results before interest, tax and corporate expenses	4,101,904	24,108,061	159,551,435	242,278,268	62,831	2,716,208	163,716,170	269,102,537
Gain on disposal of subsidiary							-	95,702,400
Disposal-related cost							-	(312,770)
Interest income							5,859,790	915,055
Interest expense							(736,951)	(612,580)
Unallocated corporate expenses							(1,368,967)	(1,235,774)
Profit before taxation							167,470,042	363,558,868
Taxation							(1,831,379)	(2,372,720)
Profit after taxation							165,638,663	361,186,148

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\$4.8 million (2018: HK\$4.5 million).

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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	
	2019	2018	2019	2018	2019	2018	2019	2018
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
STATEMENT OF FINANCIAL POSITION								
Assets								
Segment assets	227,903,580	187,406,296	616,788,757	545,601,121	4,960,000	4,890,000	849,652,337	737,897,417
Tax recoverable	-	-	51,398	2,776	325	323	51,723	3,099
	227,903,580	187,406,296	616,840,155	545,603,897	4,960,325	4,890,323	849,704,060	737,900,516
Unallocated corporate assets							497,079,149	459,600,821
Consolidated total assets							1,346,783,209	1,197,501,337
Liabilities								
Segment liabilities	165,520	1,090,590	23,606,434	25,645,683	140,408	188,408	23,912,362	26,924,681
Tax payable and deferred taxation	-	-	970,083	973,111	-	-	970,083	973,111
	165,520	1,090,590	24,576,517	26,618,794	140,408	188,408	24,882,445	27,897,792
Unallocated corporate liabilities							1,421,053	1,114,952
Consolidated total liabilities							26,303,498	29,012,744
OTHER INFORMATION								
Capital expenditure	-	-	88,691,341	5,420	82,800	167,408	88,774,141	172,828
Purchase of FVTOCI equity investment	16,927,307	-	-	-	-	-	16,927,307	-
Purchase of available-for-sale financial assets	-	6,075,403	-	-	-	-	-	6,075,403
Loss on disposal of property, plant and equipment	-	-	690	520	-	-	690	520
Depreciation	1,122	1,222	78,350	79,195	-	-	79,472	80,417
Fair value (loss)/gain on trading securities	(4,353,446)	10,619,074	-	-	-	-	(4,353,446)	10,619,074
Fair value gain on FVTOCI equity investment	1,897,730	-	-	-	-	-	1,897,730	-
Fair value gain on available-for-sale financial assets	-	10,242,413	-	-	-	-	-	10,242,413
Gain on disposal of FVTOCI equity investments transferred from fair value reserve (non-recycling) to retained profits	3,634,562	-	-	-	-	-	3,634,562	-

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

6. SEGMENT INFORMATION *(Continued)*

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.

7. REVENUE

	2019	2018
	HK\$	HK\$
Gross rental income from investment properties	17,055,769	18,940,203
Dividend income from share investments listed in Hong Kong		
– FVTOCI equity investments		
– related to investments derecognised during the year	82,800	–
– related to investments held at the end of the reporting period	4,471,870	–
	4,554,670	–
– available-for-sale financial assets	–	4,052,072
– trading securities	3,592,247	2,718,841
	8,146,917	6,770,913
Net result of trading in securities	1,580,466	1,514,643
	26,783,152	27,225,759

8. OTHER REVENUE AND OTHER NET INCOME

	2019	2018
	HK\$	HK\$
Other revenue		
Sundry income	114,000	158,174
	114,000	158,174
Other net income		
Bank interest income	5,859,790	915,055
Gain on disposal of available-for-sale financial assets	–	6,304,733
Gain on disposal of investment properties	82,319,818	181,961,940
Gain on disposal of subsidiary	–	95,702,400
Fair value (loss)/gain on trading securities	(4,353,446)	10,619,074
Fair value (loss)/gain on properties held for or under development	(12,800)	2,722,592
	83,813,362	298,225,794

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

9. PROFIT BEFORE TAXATION

	2019	2018
	HK\$	HK\$
Profit before taxation is stated after charging:		
Auditors' remuneration		
– audit services	257,000	275,000
– interim review	46,000	46,000
– taxation services	23,500	25,500
– professional service for lodging a reply letter to the Inland Revenue Department	–	18,000
– other review related to major transaction	–	15,000
– other non-audit professional services provided by affiliated company	85,055	123,362
Depreciation	79,472	80,417
Direct operating expenses in respect of investment properties		
– that generated rental income	400,430	655,244
– that did not generate rental income	80,688	7,909
Interest on bank borrowings	736,951	612,580
Loss on disposal of property, plant and equipment	690	520

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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:

	2019			
	Other emoluments			Total
	Fees	Salaries	Mandatory	
			provident fund contribution	
HK\$	HK\$	HK\$	HK\$	
Executive directors –				
Ng Tai Wai	100,000	762,195	18,000	880,195
Ng Tai Yin, Victor	100,000	604,755	18,000	722,755
Non-executive directors –				
So Kwok Leung	100,000	–	–	100,000
So Kwok Wai, Benjamin	100,000	–	–	100,000
Ng Kwok Fun	100,000	–	–	100,000
Independent non-executive directors –				
Ng Chi Yeung, Simon	100,000	–	–	100,000
Chan Suit Fei, Esther	100,000	–	–	100,000
Heng Pei Neng, Roy (i)	99,452	–	–	99,452
Loke Yu alias Loke Hoi Lam (ii)	822	–	–	822
	800,274	1,366,950	36,000	2,203,224

	2018			
	Other emoluments			Total
	Fees	Salaries	Mandatory	
			provident fund contribution	
HK\$	HK\$	HK\$	HK\$	
Executive directors –				
Ng Tai Wai	90,000	668,982	18,000	776,982
Ng Tai Yin, Victor	90,000	522,038	18,000	630,038
Non-executive directors –				
So Kwok Leung	90,000	–	–	90,000
So Kwok Wai, Benjamin	90,000	–	–	90,000
Ng Kwok Fun (iii)	69,500	–	–	69,500
Independent non-executive directors –				
Ng Chi Yeung, Simon	90,000	–	–	90,000
Chan Suit Fei, Esther	90,000	–	–	90,000
Loke Yu alias Loke Hoi Lam (ii)	90,000	–	–	90,000
	699,500	1,191,020	36,000	1,926,520

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

10. DIRECTORS' REMUNERATION (Continued)

Notes:

- (i) Appointed on 3 April 2018.
- (ii) Resigned on 3 April 2018.
- (iii) Appointed on 23 June 2017.
- (iv) No directors' retirement benefit is arising on or after or in connection with a director's retirement during the year.
- (v) 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.
- (vi) 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

	2019	2018
	HK\$	HK\$
Directors' fees and salaries	2,167,224	1,890,520
Salaries and other benefits	1,713,600	1,429,760
Mandatory provident fund contribution	100,811	96,158
	3,981,635	3,416,438

Among the five highest paid individuals of the group, two (2018: two) are executive directors whose emoluments are set out in note 10 to the financial statements. The emoluments of the other three (2018: three) individuals are as follows:

	2019	2018
	HK\$	HK\$
Salaries	1,427,100	1,204,760
Mandatory provident fund contribution	52,361	49,883
	1,479,461	1,254,643

The emoluments of the three (2018: three) individuals are within the emolument band ranging from HK\$Nil to HK\$1,000,000.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

12. TAXATION

	2019	2018
	HK\$	HK\$
Current income tax		
Provision for Hong Kong Profits Tax for current year	1,950,500	2,565,200
Over-provision for prior years	(159,273)	(107,910)
	1,791,227	2,457,290
Deferred tax		
Origination and reversal of temporary differences	40,152	(84,570)
Total income tax	1,831,379	2,372,720

Provision for Hong Kong profits tax is made at 8.25% on estimated assessable profits up to HK\$2,000,000 and 16.5% on any part of estimated assessable profits over HK\$2,000,000 for the year (2018: Provision for Hong Kong profits tax is made at 16.5% on the estimated assessable profit for the year).

RECONCILIATION BETWEEN INCOME TAX AND ACCOUNTING PROFIT AT APPLICABLE TAX RATE

	2019	2018
	HK\$	HK\$
Profit before taxation	167,470,042	363,558,868
Notional tax on profit before taxation, calculated at effective rate of 16.4% (2018: 16.5%)	27,467,558	59,987,210
Tax effect of non-deductible expenses	97,323	82,361
Tax effect of non-taxable revenue	(26,443,966)	(55,914,809)
Tax effect of unused current tax losses not recognised	865,970	–
Tax effect of unused tax losses and unrecognised deductible temporary differences utilised	–	(1,670,354)
Others	(155,506)	(111,688)
Income tax	1,831,379	2,372,720

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

13. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the consolidated profit after tax of HK\$165,638,663 (2018: HK\$361,186,148) and on 40,000,000 (2018: 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 (2018: Nil).

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building	Leasehold improvement	Furniture, fixtures and equipment	Total
	HK\$	HK\$	HK\$	HK\$
Cost				
At 1 April 2017	3,758,960	462,600	214,924	4,436,484
Additions	–	–	5,420	5,420
Disposals	–	–	(1,490)	(1,490)
At 31 March 2018 and 1 April 2018	3,758,960	462,600	218,854	4,440,414
Additions	–	–	1,280	1,280
Disposals	–	–	(1,298)	(1,298)
At 31 March 2019	3,758,960	462,600	218,836	4,440,396
Aggregate depreciation				
At 1 April 2017	2,066,146	424,959	157,035	2,648,140
Charge for the year	70,374	3,764	6,279	80,417
Written back upon disposals	–	–	(970)	(970)
At 31 March 2018 and 1 April 2018	2,136,520	428,723	162,344	2,727,587
Charge for the year	70,374	3,388	5,710	79,472
Written back upon disposals	–	–	(608)	(608)
At 31 March 2019	(2,206,894)	(432,111)	(167,446)	(2,806,451)
Net book value				
At 31 March 2019	1,552,066	30,489	51,390	1,633,945
At 31 March 2018	1,622,440	33,877	56,510	1,712,827

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

15. INVESTMENT PROPERTIES

	2019	2018
	HK\$	HK\$
Fair value		
At the beginning of the year	514,100,000	602,800,000
Additions	88,690,061	–
Disposals	(55,600,000)	(133,200,000)
Increase in fair value	63,609,939	44,500,000
At the end of the year	610,800,000	514,100,000

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

	2019	2018
	HK\$	HK\$
Short term lease	35,000,000	35,300,000
Medium term leases	225,500,000	193,400,000
Long leases	350,300,000	285,400,000
At the end of the year	610,800,000	514,100,000

The group's investment properties were revalued on 31 March 2019 by RHL Appraisal Limited, an independent firm of professional surveyors, on an open market value basis. The fair value measurement is disclosed in note 37 to the financial statements.

At 31 March 2019, the group's investment properties with aggregate carrying value of HK\$332,400,000 (2018: HK\$212,700,000) were pledged to a bank to secure general bank facilities of the group.

16. PROPERTIES HELD FOR OR UNDER DEVELOPMENT

	2019	2018
	HK\$	HK\$
Fair value		
At the beginning of the year	4,890,000	15,100,000
Additions	82,800	167,408
Disposals [through the disposal of subsidiary (note 29)]	–	(13,100,000)
(Decrease)/increase in fair value	(12,800)	2,722,592
At the end of the year	4,960,000	4,890,000

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

16. PROPERTIES HELD FOR OR UNDER DEVELOPMENT (Continued)

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 2019 by RHL Appraisal Limited, an independent firm of professional surveyors, on an open market value basis. The fair value measurement is disclosed in note 37 to the financial statements.

On 27 September 2017, the Company completed the disposal of the entire issued capital of Winful Far East Limited ("Winful"), a wholly-owned subsidiary of the company, at a consideration of HK\$108,802,400 (inclusive of shareholder's loan of HK\$20,068,593). Winful mainly holds the land located at Lot Nos. 42RP and 122RP in DD 121 Yuen Long, New Territories.

17. FVTOCI EQUITY INVESTMENT

	2019	2018
	HK\$	HK\$
Listed shares in Hong Kong, at fair value		
At the beginning of the year	–	–
Initial adoption of HKFRS 9 at 1 April 2018	115,597,818	–
Additions	16,927,307	–
Disposals	(5,973,564)	–
Increase in fair value	1,897,730	–
At the end of the year	128,449,291	–

FVTOCI equity investments are held for long-term and strategic purpose. The group held less than 1% interest of issued share capital for each underlying investee company.

The fair value measurement is disclosed in note 36(f) to the financial statements.

Top five holdings of the group's equity investment at FVTOCI are as follows:

Stock Code	Stock name	Principal business	2019	2018
			HK\$'000	HK\$'000
2	CLP Holdings Limited	Utilities	22,738	–
5	HSBC Holdings Plc	Financials	22,888	–
17	New World Development Co Limited	Properties & Construction	19,072	–
388	Hong Kong Exchanges and Clearing Limited	Financials	15,067	–
1	CK Hutchison Holdings Limited	Conglomerates	8,261	–

During the year, the group sold a number of shares of CLP Holdings Limited and New World Development Company Limited with total fair value of HK\$5,973,564 to strengthen the cash position and realised a gain of HK\$3,634,562 which had already been included in fair value reserve (non-recycling). Such gains of HK\$3,634,562 were transferred to retained profits.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2019	2018
	HK\$	HK\$
Listed shares in Hong Kong, at fair value		
At the beginning of the year	115,597,818	107,551,460
Initial adoption of HKFRS 9 at 1 April 2018	(115,597,818)	–
Additions	–	6,075,403
Disposals	–	(8,271,458)
Increase in fair value	–	10,242,413
At the end of the year	–	115,597,818

The fair value measurement is disclosed in note 36(f) to the financial statements.

19. INTERESTS IN SUBSIDIARIES

	The company	
	2019	2018
	HK\$	HK\$
Unlisted investments at cost	6,481,005	6,481,005
(a) Advances to subsidiaries		
– Interest free	227,136,599	167,757,395
Provision for impairment loss	(4,977,430)	(5,031,402)
	222,159,169	162,725,993
(b) Advances from subsidiaries		
– Interest free	(16,170,786)	(27,822,521)
Total	212,469,388	141,384,477

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

19. INTERESTS IN SUBSIDIARIES *(Continued)*

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

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:

Subsidiary	Place of incorporation/ operation	Principal activity	Issued share capital HK\$	Percentage of holding
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%
Wing Sum Investment Company Limited	Hong Kong	Property investment	10,000	100%
Wing Tai Investment Limited	Hong Kong	Dormant	1	100%
Yick Fu Investment Company Limited	Hong Kong	Property investment	1,800,000	100%
YLH Limited	Hong Kong	Dormant	10,000	100%

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

19. 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	
	2019	2018
	HK\$	HK\$
At the beginning of the year	5,031,402	14,711,624
Written back upon disposal	–	(9,084,477)
Impairment loss written back for the year	(53,972)	(595,745)
At the end of the year	4,977,430	5,031,402

At 31 March 2019, 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\$219,578,397 (2018: HK158,024,078).

20. TRADE AND OTHER RECEIVABLES

	2019		2018
	HK\$		
Rental receivables			
– Within 30 days	143,000		130,274
– Within 31 days to 60 days	66,555		117,086
– Within 61 days to 90 days	300		111,600
	209,855		358,960
Other receivables	1,936,237		1,938,676
Rental and other receivables, unimpaired (note (a))	2,146,092		2,297,636
Deposits and prepayments	250,646		243,980
	2,396,738		2,541,616

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, sales receivable from disposal of 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.

In determining the recoverability of rental receivables, the group reviews the recoverable amount of each tenant at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. The exposure of credit risk is limited due to deposits received from tenants. Full allowance will be made on the balance overdue for 90 days after setting off the relevant tenant's deposit.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

21. CASH AND BANK BALANCES

	2019	2018
	HK\$	HK\$
Time deposits	432,143,760	427,944,913
Cash at banks and in hand	86,023,345	34,445,852
	518,167,105	462,390,765

As at 31 March 2019, the time deposits had a term for original maturity of 1 month and borne interest at the range from 1.32% to 1.66% per annum (2018: 0.68% to 0.70% per annum).

Cash at banks of the group amounting to HK\$64,014,630 (2018: HK\$31,000,639) earns interest at floating rates based on daily bank deposits rates.

22. TRADE AND OTHER PAYABLES

	2019	2018
	HK\$	HK\$
Rental deposits received	2,548,328	2,772,168
Receipts in advance	158,668	176,931
Unclaimed dividends	589,077	353,517
Accrued expenses (note (a))	1,394,142	2,164,217
	4,690,215	5,466,833

Note (a) As at 31 March 2018, accrual expenses included an ex gratia payment of HK\$1,432,881 for the late Mr. Ng See Wah.

23. BANK BORROWINGS, SECURED

The bank loans, which are subject to repayment on demand clause, are repayable as follows:

	2019	2018
	HK\$	HK\$
Current liabilities		
Within one year	10,270,200	1,929,600
After one year but not exceeding two years	10,255,000	10,270,200
After two years but not exceeding five years	–	10,255,000
	20,525,200	22,454,800

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

23. BANK BORROWINGS, SECURED *(Continued)*

The bank loans bear interest at 2% per annum 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\$736,951 (2018: HK\$612,580).

The group needs to fulfill certain covenants on loan-to-security value ratio. If the group were to breach the covenants, the drawn down facilities would become payable on demand and the rent of the pledged properties would be collected by the bank. The group regularly monitors its compliance with these covenants. As at 31 March 2019, none of the covenants was breached.

The company has executed a corporate guarantee amounting to HK\$82,900,000 (2018: HK\$82,900,000) in favour of a bank for securing the loans of the group. The bank loans are reviewed annually and have been renewed subsequently after the year end.

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

24. PROVISION FOR LONG SERVICE PAYMENTS

	2019	2018
	HK\$	HK\$
At the beginning of the year and at the end of the year	118,000	118,000
Classification in the statement of financial position:		
Current	–	–
Non-current	118,000	118,000
	118,000	118,000

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 2019

25. DEFERRED TAXATION

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

Deferred tax arising from:	Accelerated depreciation allowances	Unused tax losses	Total
	HK\$	HK\$	HK\$
At 1 April 2017	922,832	(12,217)	910,615
Credited to profit or loss	(80,746)	(3,824)	(84,570)
At 31 March 2018 and 1 April 2018	842,086	(16,041)	826,045
Charged to profit or loss	42,586	(2,434)	40,152
At 31 March 2019	884,672	(18,475)	866,197

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:

	2019	2018
	HK\$	HK\$
Unused tax loss	10,311,284	5,061,880

26. SHARE CAPITAL

	2019		2018	
	No. of shares	Amount HK\$	No. of shares	Amount HK\$
Issued and fully paid				
Ordinary shares	40,000,000	40,000,000	40,000,000	40,000,000

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

27. RESERVES

The Group

	Note	Capital reserve HK\$	Fair value reserve (recycling) HK\$	Fair value reserve (non- recycling) HK\$	Retained profits HK\$	Total HK\$
At 1 April 2017		251,046	40,915,146	–	729,945,595	771,111,787
Profit for the year		–	–	–	361,186,148	361,186,148
Increase in fair value of available-for-sale financial assets		–	10,242,413	–	–	10,242,413
Release of fair value reserve upon disposal of available-for-sale financial assets		–	(4,495,545)	–	–	(4,495,545)
Total comprehensive income		–	5,746,868	–	361,186,148	366,933,016
Dividends paid		–	–	–	(9,600,000)	(9,600,000)
Unclaimed dividend forfeited	28	–	–	–	43,790	43,790
At 31 March 2018 and 1 April 2018		251,046	46,662,014	–	1,081,575,533	1,128,488,593
Impact on initial application of HKFRS 9		–	(46,662,014)	46,662,014	–	–
At 1 April 2018		251,046	–	46,662,014	1,081,575,533	1,128,488,593
Profit for the year		–	–	–	165,638,663	165,638,663
Increase in fair value of FVTOCI equity investments		–	–	1,897,730	–	1,897,730
Total comprehensive income		–	–	1,897,730	165,638,663	167,536,393
Transfer of gain on disposal of FVTOCI equity investment to retained profits		–	–	(3,634,562)	3,634,562	–
Dividends paid		–	–	–	(15,600,000)	(15,600,000)
Unclaimed dividend forfeited	28	–	–	–	54,725	54,725
At 31 March 2019		251,046	–	44,925,182	1,235,303,483	1,280,479,711

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

27. RESERVES (Continued)

The company

	Reserve – Retained profits	
	2019	2018
	HK\$	HK\$
At the beginning of the year	637,063,897	208,862,911
Profit for the year	146,974,356	437,757,196
Dividends paid	(15,600,000)	(9,600,000)
Unclaimed dividend forfeited	54,725	43,790
	(15,545,275)	(9,556,210)
At the end of the year	768,492,978	637,063,897

Distributable reserve 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	
	2019	2018
	HK\$	HK\$
At the beginning of the year	631,578,049	203,877,063
Distributable profit for the year	146,574,356	437,257,196
Dividends paid	(15,600,000)	(9,600,000)
Unclaimed dividend forfeited	54,725	43,790
	(15,545,275)	(9,556,210)
At the end of the year	762,607,130	631,578,049

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

28. DIVIDENDS

	2019	2018
	HK\$	HK\$
Dividends attributable to the year –		
Interim dividend at HK\$0.02 (2018: HK\$0.02) per share paid during the year	800,000	800,000
Interim special dividend at HK\$0.05 (2018: HK\$0.10) per share paid during the year	2,000,000	4,000,000
Final dividend at HK\$0.12 (2018: HK\$0.12) per share proposed after the reporting period (note (b))	4,800,000	4,800,000
Final special dividend at HK\$Nil (2018: HK\$0.20) per share proposed after the reporting period (note (b))	–	8,000,000
	7,600,000	17,600,000
Unclaimed dividend forfeited (note (a))	(54,725)	(43,790)
	7,545,275	17,556,210

Note (a) Pursuant to Article 145 of the Articles of Association of the company, on 27 March 2019 the board of directors resolved that the dividends for the financial years 2011/12 to 2012/13 amounting to HK\$54,725 payable on or before 9 January 2013 remained unclaimed on 27 March 2019 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.

29. DISPOSAL OF SUBSIDIARY

The Company disposed of a subsidiary in last year. The disposal which was completed on 27 September 2017 had the following effect on the Group's assets and liabilities:

	2019	2018
	HK\$	HK\$
Property held for or under development (note 16)	–	13,100,000
Net assets	–	13,100,000
Net gain on disposal	–	95,702,400
Total consideration	–	108,802,400
Cash consideration received and net cash inflow in respect of the disposal	–	108,802,400

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY AS AT 31 MARCH 2019

	2019		2018	
	HK\$	HK\$	HK\$	HK\$
ASSETS				
Non-current assets				
Property, plant and equipment		10,304		11,449
Investment properties		7,700,000		7,300,000
Investment in subsidiaries		6,481,005		6,481,005
Amounts due from subsidiaries		222,159,169		162,725,993
		236,350,478		176,518,447
Current assets				
Trading securities – equity shares listed in Hong Kong	80,324,407		69,225,212	
Trade and other receivables	1,140,486		1,183,460	
Cash and bank balances	508,543,446	590,008,339	460,224,261	530,632,933
Current liabilities				
Trade and other payables	1,671,053		2,240,962	
Amounts due to subsidiaries	16,170,786	(17,841,839)	27,822,521	(30,063,483)
Net current assets		572,166,500		500,569,450
Total assets less current liabilities		808,516,978		677,087,897
Non-current liabilities				
Provision for long service payments		(24,000)		(24,000)
NET ASSETS		808,492,978		677,063,897
CAPITAL AND RESERVES				
Share capital		40,000,000		40,000,000
Reserves		768,492,978		637,063,897
		808,492,978		677,063,897

Approved by the board of directors on 26 June 2019

Ng Tai Wai
Director

So Kwok Leung
Director

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

31. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of the group's liabilities arising from financing activities is as follows:

	Bank borrowings, secured	
	2019	2018
	HK\$	HK\$
At the beginning of the year	22,454,800	24,384,400
Changes from financing cash flows		
– Repayment of bank borrowings	(1,929,600)	(1,929,600)
– Interest paid	(736,951)	(612,580)
	(2,666,551)	(2,542,180)
Other changes		
– Interest expenses	736,951	612,580
At the end of the year	20,525,200	22,454,800

32. 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:

	2019		2018
	HK\$		
Not later than one year	12,843,978		9,769,300
Later than one year and not later than five years	9,147,670		4,837,339
	21,991,648		14,606,639

The operating leases normally run from one to three years.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

33. CAPITAL COMMITMENT

Outstanding capital commitments as at 31 March 2019 not provided for in the accounts were as follows:

	2019	2018
	HK\$	HK\$
Authorised and contracted for, in relation to acquisition of investment properties	-	60,840,000

34. FINANCIAL GUARANTEES

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

	The company	
	2019	2018
	HK\$	HK\$
Guaranteed amount (Maximum exposure to credit risk)	82,900,000	82,900,000
Outstanding balance of the bank loans	20,525,200	22,454,800

The company has guaranteed the bank loans of the subsidiaries with the certain covenant as set out in note 23 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 (2018: Nil).

35. 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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

35. CAPITAL MANAGEMENT *(Continued)*

As at 31 March 2018 and 2019, 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.

36. 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 20 and note 21 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. The exposure of credit risk on rental receivables is limited due to deposits received from tenants. Full allowance will be made on the balance overdue for 90 days after setting off the relevant tenant's deposit.

Other receivables represented dividend receivable from listed investments, interest receivables from financial institutions and sale proceeds from disposal of listed investments. 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 2019

36. 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 23 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\$
At 31 March 2019						
Bank borrowings, secured, subject to a repayment on demand clause	20,525,200	20,995,568	10,712,026	10,283,542	-	-
Rental deposit received	2,548,328	2,548,328	2,548,328	-	-	-
Accruals	1,394,142	1,394,142	1,394,142	-	-	-
Unclaimed dividends	589,077	589,077	589,077	-	-	-
	25,056,747	25,527,115	15,243,573	10,283,542	-	-
At 31 March 2018						
Bank borrowings, secured, subject to a repayment on demand clause	22,454,800	23,435,384	2,535,020	10,622,768	10,277,596	-
Rental deposit received	2,722,168	2,722,168	2,722,168	-	-	-
Accruals	2,164,217	2,164,217	2,164,217	-	-	-
Unclaimed dividends	353,517	353,517	353,517	-	-	-
	27,694,702	28,675,286	7,774,922	10,622,768	10,277,596	-

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 2019

36. 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 21 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:

	2019		2018	
	Effective interest rate		Effective interest rate	
	%	HK\$	%	HK\$
Variable rate borrowings:				
Bank borrowings, secured	2.68% to 4.29%	20,525,200	2.35% to 3.19%	22,454,800

At 31 March 2019, 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\$54,000 (2018: HK\$90,000) 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 2018.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

36. FINANCIAL RISK MANAGEMENT *(Continued)*

(d) PRICE RISK

The group is exposed to equity price changes on share investments classified as trading securities and FVTOCI equity investments (which was previously classified as 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 FVTOCI equity investment portfolio (previously held in 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\$8 million (2018: HK\$6.9 million) due to increase/decrease in the fair value of trading securities.
- total equity would increase/decrease by approximately HK\$12.8 million due to increase/decrease in fair value of FVTOCI equity investment (2018: total equity would increase/decrease by approximately HK\$11.6 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 2018.

(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 2019

36. 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\$
As at 31 March 2019				
FVTOCI equity investment				
– listed shares in HK	128,449,291	–	–	128,449,291
Trading securities				
– listed shares in HK	80,324,407	–	–	80,324,407
	208,773,698	–	–	208,773,698
As at 31 March 2018				
Available-for-sale financial assets				
– listed shares in HK	115,597,818	–	–	115,597,818
Trading securities				
– listed shares in HK	69,225,212	–	–	69,225,212
	184,823,030	–	–	184,823,030

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 2019

37. 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 (note 36(f)). 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\$
As at 31 March 2019				
Investment properties	–	–	610,800,000	610,800,000
Property held for or under development	–	–	4,960,000	4,960,000
	–	–	615,760,000	615,760,000
As at 31 March 2018				
Investment properties	–	–	514,100,000	514,100,000
Property held for or under development	–	–	4,890,000	4,890,000
	–	–	518,990,000	518,990,000

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, accessibility (including transportation and convenience), site configuration, development scale 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 2019

37. 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 2019

Description	Fair value	Valuation Technique	Unobservable Inputs	Range (per square foot)	Relationship of unobservable inputs
Commercial properties	HK\$333,600,000	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, facilities, accessibility, exposure and others.	HK\$4,297 to HK\$134,728	Better the characteristic of properties, higher the price per sq. ft. and the fair value.
Industrial properties	HK\$35,200,000	Direct comparison approach	Recent price of similar properties in the relevant market after taking into account of time, size, building age, floor and view.	HK\$3,254 to HK\$3,879	Better the characteristic of properties, higher the price per sq. ft. and the fair value.
Residential & commercial properties	HK\$242,000,000*	Direct comparison approach	Recent price of similar properties in the relevant market after taking into account of time, size, building age, floor, location, zoning and development scale.	HK\$3,362 to HK\$9,411	Better the characteristic of properties, higher the price per sq. ft. and the fair value.
Site	HK\$4,960,000	Direct comparison approach	Recent price of similar properties in the relevant market after taking into account of time, size, location, accessibility, town planning zoning, structure and layout.	HK\$275 to HK\$1,349	Better the characteristic of properties, higher the price per sq. ft. and the fair value.

* As at 31 March 2019, the properties located at Nos. 60, 62, 64 and 66 Ma Tau Chung Road, Kowloon were valued on an one asset basis, instead of the four standalone basis which was previously used as the valuation using the one asset is more suitable in reflecting the re-development potential.

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 2019

37. FAIR VALUE MEASUREMENT ON PROPERTIES (Continued)

As at 31 March 2018

Description	Fair value	Valuation Technique	Unobservable Inputs	Range (per square foot)	Relationship of unobservable inputs
Commercial properties	HK\$302,600,000	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, accessibility and exposure.	HK\$3,408 to HK\$145,571	Better the characteristic of properties, higher the price per sq. ft. and the fair value.
Industrial properties	HK\$33,600,000	Direct comparison approach	Recent price of similar properties in the relevant market after taking into account of time, size, building age, floor and view.	HK\$3,101 to HK\$3,997	Better the characteristic of properties, higher the price per sq. ft. and the fair value.
Residential & commercial properties	HK\$177,900,000	Direct comparison approach	Recent price of similar properties in the relevant market after taking into account of time, size, building age, floor, location, frontage, view, quality, exposure, aspect and others.	HK\$7,011 to HK\$71,097	Better the characteristic of properties, higher the price per sq. ft. and the fair value.
Site	HK\$4,890,000	Direct comparison approach	Recent price of similar properties in the relevant market after taking into account of time, size, location, accessibility, town planning zoning, site configuration and others.	HK\$275 to HK\$1,100	Better the characteristic of properties, higher the price per sq. ft. and the fair value.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

38. 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 falling 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 2019 and 31 March 2018.

39. 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.

40. 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 (2018: Nil).

41. 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 2019 (2018: Nil).

42. EVENTS AFTER THE REPORTING PERIOD

- (a) On 9 May 2019, Wing Tai Investment Limited, a wholly-owned subsidiary of the Company, entered into a Provisional Sale and Purchase Agreement with the Seller, an Independent Third Party, in relation to the acquisition of the redevelopment site located at the Remaining Portion of Kowloon Inland Lot No. 2123 together with the messuages erections and buildings there (if any) (the "Property") at a consideration of HK\$410,000,000 (the "Acquisition"). Pursuant to the Provisional Agreement, the Acquisition is subject to the shareholders' approval in the forthcoming extra-ordinary general meeting.
- (b) Subsequent to the reporting period, the Group disposed of various FVTOCI equity investment at a total consideration of approximate of HK\$6,700,000 and generated a gain of approximate of HK\$3,300,000. Also, following a decline in Hong Kong Hang Seng Index, the market value of the Group's share investment portfolio (for long-term investment and trading purpose) as at 25 June 2019 dropped by approximately of HK\$9,500,000, as compared to 31 March 2019.

SCHEDULE OF PROPERTIES HELD BY THE GROUP

AS AT 31 MARCH 2019

(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 RP Demarcation District No. 130, Lam Tei, Tuen Mun, New Territories	3,470	–	Remaining portion Lot No. 2784, Demarcation District No. 130, Tuen Mun, New Territories	*	–	100%	Let
(2)	Lot No.129 RP Demarcation District No. 121, Yuen Long, New Territories	3,352	–	Lot No. 129 RP Demarcation District No. 121, Yuen Long, New Territories	*	–	100%	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 2019

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

	Location	Lot No.	Usage	Group's interest	Lease term
(6)	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
(7)	76 Waterloo Road, Kowloon:- Ground floor and mezzanine floor	Section D of Kowloon Inland Lot No. 3903	Commercial	100%	Long
(8)	76A Waterloo Road, Kowloon:- Ground floor and mezzanine floor	Section F of Kowloon Inland Lot No. 3903	Commercial	100%	Long
(9)	Nanking Building, No. 1F Nanking Street, Kowloon:- Shop G on ground floor	Kowloon Inland Lot No. 6533	Commercial	100%	Short
(10)	Nos. 60-66 Ma Tau Chung Road, Kowloon.	Sub-Section 1 of Section A of Kowloon Inland Lot No. 4311; Remaining Portion of Sub-Section 2 of Section A of Kowloon Inland Lot No. 4311; Section A of Sub-Section 2 of Section A of Kowloon Inland Lot No. 4311; and Remaining Portion of Section A of Kowloon Inland Lot No. 4311	Residential & Commercial	100%	Long

FIVE YEAR FINANCIAL SUMMARY

	For the year ended 31 March				2019 (i) HK\$'000
	2015 HK\$'000	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000	
Consolidated statement of profit or loss					
Revenue	29,557	25,596	26,283	27,226	26,783
Profit before tax	75,282	6,055	53,334	363,559	167,470
Taxation	(2,141)	(2,332)	(2,385)	(2,373)	(1,831)
Profit for the year	73,141	3,723	50,949	361,186	165,639
Consolidated statement of financial position					
Property, plant and equipment	1,936	1,860	1,788	1,713	1,634
Investment properties	579,710	586,500	602,800	514,100	610,800
Properties held for or under development	12,300	12,410	15,100	4,890	4,960
FVTOCI equity investment	–	–	–	–	128,449
Available-for-sale financial assets	97,852	98,753	107,552	115,598	–
Deposits for acquisition of investment properties	–	–	–	27,040	–
Current assets	108,925	88,800	115,759	534,161	600,940
Current liabilities	(34,891)	(32,850)	(30,858)	(28,069)	(25,319)
Non-current liabilities	(887)	(960)	(1,029)	(944)	(984)
Net assets	764,945	754,513	811,112	1,168,489	1,320,480

Note (i): The Group has initially applied HKFRS 9 at 1 April 2018. Under transition method chosen, comparative information is not restated.

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 Thursday, 29 August 2019, 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 2019.
2. To declare a final dividend of HK\$0.12 per share for the year ended 31 March 2019.
3. To re-elect Directors and to fix the remuneration of all Directors.
4. To appoint BDO Limited 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.

“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, 17 July 2019

NOTICE OF ANNUAL GENERAL MEETING

Registered Office:

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

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 Friday, 23 August 2019 to Thursday, 29 August 2019, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the forthcoming Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 22 August 2019.
- (2) The register of members of the Company will also be closed from Thursday, 5 September 2019 to Friday, 6 September 2019, 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 2019. 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 Wednesday, 4 September 2019.
- (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 Share Registrar, Computershare Hong Kong Investor Services Limited, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong 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.
- (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) 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 2018/2019. Save as disclosed in the Annual Report 2018/2019, 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).
- (8) 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.
- (9) Reference is made to the announcement dated 16 July 2019.

Wong Brothers CPA Limited will retire as the auditor of the Company upon the conclusion of the forthcoming Annual General Meeting and will not seek for re-appointment due to limitation of human resources to conduct the audit work of the group and to cope with its rapid growth.

The Board has resolved to propose the appointment of BDO Limited as the new auditor of the Company following the retirement of Wong Brothers CPA Limited.

Wong Brothers CPA Limited has confirmed to the Board that there are no matters in relation to its retirement as the auditor of the Company that need to be brought to the attention of the Shareholders and the creditors of the Company. The Board and the Audit Committee also confirmed that there are no matters in relation to the proposed change of auditor that need to be brought to the attention of the Shareholders.

Ordinary resolution will be proposed at the AGM for the Shareholders to consider and, if thought fit, approve the appointment of BDO Limited as auditor of the Company.

- (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) and HKExnews website (www.hkexnews.hk) to notify shareholders of the date, time and place of the rescheduled meeting.