WINFAIR INVESTMENT COMPANY LIMITED

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

CONTENTS

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

AUDITOR

BDO Limited
Certified Public Accountants

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

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 2020.

RESULTS AND DIVIDENDS

For the year under review, the revenue of the Group decreased by HK$4,888,937 (or 18.25%), to HK$21,894,215. The Group recorded a loss of HK$89,310,429, as opposed to a profit of HK$165,638,663 for the preceding year.

In January 2020, an interim dividend of HK$0.02 per share was paid. The Board now recommends a final dividend of HK$0.12 per share and a final special dividend of HK$0.15 per share, totaling of HK$10,800,000. Subject to approval by the shareholders of the Company at forthcoming annual general meeting, such dividends will be payable on or about 29 September 2020.

BUSINESS REVIEW

KEY PERFORMANCE INDICATOR

	2020 **HK$**	2019 HK$	Increase/ (decrease) HK$	Increase/ (decrease)
Revenue	**21,894,215**	26,783,152	(4,888,937)	(18.25%)
(Loss)/profit before tax	**(87,854,640)**	167,470,042	(255,324,682)	(152.46%)
Gain on disposal:				
– Investment properties	**–**	82,319,818	(82,319,818)	–
Fair value (loss)/gain on:				
– Investment properties	**(85,101,147)**	63,609,939	(148,711,086)	(233.79%)
– Equity instruments at fair value through profit or loss ("equity instruments at FVTPL") (2019: trading securities)	**(19,901,731)**	(4,353,446)	(15,548,285)	357.15%
(Loss)/profit after tax	**(89,310,429)**	165,638,663	(254,949,092)	(153.92%)
EBITDA	**(87,063,126)**	168,286,465	(255,349,591)	(151.74%)
ROCE#	**(6.94%)**	13.5%	(20.44%)	(151.41%)
(Loss)/earnings per share	**(2.23)**	4.14	(6.37)	(153.87%)

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

During the year, the Group recorded a loss of HK$89,310,429, as opposed to a profit of HK$165,638,663 in the preceding year. This change was mainly due to (i) an absence of gain on disposal of investment properties of HK$82,319,818, which was recorded in the preceding year; (ii) fair value loss on investment properties amounting to HK$85,101,147, as compared to fair value gain of HK$63,609,939 in the preceding year; and (iii) a 3.5 times increase in fair value loss in equity instruments at fair value through profit or loss ("equity instruments at FVTPL")/trading securities, as compared to the preceding year.

BUSINESS REVIEW *(Continued)*

PROPERTY LEASING

Following the disposal of the property situated at No. 96 Bonham Strand in September 2018 and given the property located at Nos. 60-66 Ma Tau Chung Road ("MTC Property") has been in vacant possession since early September 2019 and its demolition work was completed in February 2020, the rental income of the Group was HK$15,057,524 during the year, representing a decrease of HK$1,998,245 (or 11.7%) as compared to last year.

On 10 September 2019, Wing Tai Investment Limited, a wholly-owned subsidiary of the Company, acquired the redevelopment site located at No. 31 Fuk Tsun Street ("FTS Property") at a total cost of approximate of HK$404,876,000 (comprising revised consideration of HK$383,350,000 as stated in the supplemental agreement dated 6 September 2019, stamp duty of HK$17,425,000, professional fees and other incidental costs). Its site area is approximately 4,403 square feet and its maximum gross floor area is about 39,627 square feet. The building proposed to be built and developed will comprise 24-stories of commercial-residential flats and will be held for investment purpose. The general building plan was approved in late April 2020. Consultancy service on foundation work is underway.

The property market sentiment is weak following the social conflicts in Hong Kong since late June 2019 and the coronavirus ("COVID-19") outbreak since January 2020. The Group recorded a fair value loss of investment properties of HK$85,101,147 (2019: fair value gain of HK$63,609,939) during the year under review. As at 31 March 2020, the Group's investment properties portfolio amounted to HK$940,000,000 (2019: HK$610,800,000).

PROPERTY DEVELOPMENT

For the year ended 31 March 2020, the Group recorded fair value gain of HK$120,000 (2019: fair value loss of HK12,800) on property held for or under development.

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.

SHARE INVESTMENTS AND DIVIDEND INCOME

Dividend income decreased by HK$1,349,243 (or 16.6%) to HK$6,797,674, as compared to last year. The decrease was mainly due to cancellation of dividend payable by HSBC Holdings plc (Stock code: 0005) on 31 March 2020, shares of which were held by the Group during the year under review.

During the year, the Group recorded a realised gain on disposal of equity instruments at FVTPL/trading securities of HK$39,017 (2019: HK$1,580,466). The Group also realised a gain of disposal on equity instruments at fair value through other comprehensive income ("equity instruments at FVTOCI") of HK$8,336,466 (2019: HK$3,634,562), which was directly transferred from fair value reserve to retained profits.

During the year under review, the securities market in Hong Kong was unprecedentedly hampered due to social unrest in Hong Kong since late June 2019 and the COVID-19 pandemic in first quarter of 2020. The Group recorded an unrealised loss on equity instruments at FVTPL/trading securities of HK$19,901,731 (2019: HK$4,353,446) and unrealised loss on equity instruments at FVTOCI of HK$33,662,532 (2019: unrealised gain of HK$1,897,730) which were recorded in the consolidated statement of profit or loss and other comprehensive income respectively. As at 31 March 2020, the Group's listed share investment portfolios had an aggregate fair value of HK$137,362,455 (2019: HK$208,773,698).

Except as disclosed elsewhere in the consolidated financial statements, the Group has no material event after the date of the reporting period that needs to be brought to the attention of the shareholders of the Company.

BUSINESS REVIEW *(Continued)*

SHARE INVESTMENTS AND DIVIDEND INCOME *(Continued)*

Details of the Group's share investment portfolios as at 31 March 2020 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$'000)	Fair value at 31.3.2020 (HK'000)	Proportional to total assets of the Group	Fair value loss during the year (HK$'000)	Gain on disposal (HK$'000)	Dividend income (HK$'000)
1.	5	HSBC Holdings plc	Financials	26,782	16,855	1.4%	(7,497)	–	876
2.	388	Hong Kong Exchanges and Clearing Limited	Financials	11,499	13,036	1.1%	(2,200)	–	374
3.	17	New World Development Co. Ltd.	Properties & Construction	12,810	11,883	1.0%	(6,667)	274	727
4.	2	CLP Holdings Limited	Utilities	3,474	7,150	0.6%	(2,760)	7,616	465
5.	1398	ICBC – H Shares	Financials	6,881	6,378	0.5%	(529)	–	308
6.	1	CK Hutchison Holdings Limited	Conglomerates	9,479	5,240	0.4%	(3,021)	–	318
7.	1113	CK Assets Holdings Limited	Properties & Construction	–	4,253	0.4%	(2,740)	–	195
		Others (note (1))		26,107	16,343	1.3%	(8,249)	446	774
		Total		97,032	81,138	6.7%	(33,663)	8,336	4,037

Note (1): Other securities included eight stocks listed in Hong Kong, six of which were current constituents of the Hang Seng Index and their principal businesses mainly included conglomerates, financials, energy and utilities. The market value of 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 in the issued share capital for each underlying company.

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$'000)	Fair value at 31.3.2020 (HK'000)	Proportional to total assets of the Group	Fair value loss during the year (HK$'000)	(Loss)/gain on disposal (HK$'000)	Dividend income (HK$'000)
1.	5	HSBC Holdings plc	Financials	30,202	16,439	1.3%	(7,312)	–	855
2.	388	Hong Kong Exchanges and Clearing Limited	Financials	4,065	8,930	0.7%	(1,507)	(178)	290
3.	1398	ICBC – H Shares	Financials	8,388	6,903	0.6%	(572)	–	333
4.	2628	China Life Insurance Company Limited – H share	Financials	8,804	6,679	0.6%	(2,583)	38	79
5.	17	New World Development Co. Ltd.	Properties & Construction	5,702	4,507	0.4%	(2,529)	–	276
6.	3988	Bank of China Limited – H Shares	Financials	6,556	5,251	0.4%	(1,043)	–	335
7.	386	China Petroleum & Chemical Corporation – H share	Energy	6,789	3,629	0.3%	(2,252)	–	373
8.	12	Henderson Land Development Company Limited	Properties & Construction	2,812	3,039	0.2%	(1,626)	(109)	190
		Others (note (1))		5,358	847	0.1%	(478)	288	30
		Total		78,676	56,224	4.6%	(19,902)	39	2,761

Note (1): Other securities included three stocks listed in Hong Kong, one of which was current constituents of the Hang Seng Index and its principal business is financials. The market value of each individual stock was less than 5% of the market value of the Group's share investment portfolio for trading purpose.

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

BUSINESS REVIEW *(Continued)*

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2020, the Group's total bank borrowings were HK$19,537,491 which were wholly repayable within five years (2019: HK$20,525,200, wholly repayable within two 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, remained at 1.6%. The Group's banking facilities are subject to review at any time, and also subject to the Bank's overriding right of repayment on demand.

After the acquisition of the FTS Property, cash held by the Group as at 31 March 2020 was reduced to approximately HK$28,000,000 (2019: HK$518,000,000). The Group's outstanding capital commitments for property redevelopment projects, which were contracted but not accounted for, were HK$14,360,000. The year under review and upcoming few years are viewed as capital expenditure years in the Group's business cycle. The capital expenditures for redevelopment projects are expected to be partly funded by internal resources and partly funded by construction loan. The management of the Company continues to operate under a prudent financial policy and will implement all necessary measures to ensure that the Group maintains adequate cash and appropriate credit facilities to meet its future operating, project development expenditure and loan repayment obligations. The Group will arrange new credit facilities for the Group's property development, when necessary. In the long run, the Group will continue to adopt an optimum financial structure for the best interests of its shareholders in light of changes in economic conditions.

ASSETS PLEDGED

As at 31 March 2020, the Group's investment properties with an aggregate carrying value of HK$78,200,000 (2019: HK$332,400,000) 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. The Group has faced unprecedented inherent risks this financial year, which pose threat to the Group's business. The continual social unrest in Hong Kong since late June 2019 has weakened the market consumption sentiment and affected tourism and the turnover of the retail shops in Hong Kong. The value of properties and rental yield of the Group's properties have been adversely affected.

The outbreak of COVID-19 in the first quarter of 2020 is another unprecedented inherent risk to the world economy. The COVID-19 has severely affected the economic activities, causing more retail shops, catering, tourism and many other businesses to shut down. In other words, the Group's property leasing, property development and share investments would be inevitably affected. It is uncertain how long the COVID-19 last. The speedy recovery of the economy seems unlikely. Protracted downturn of the global economy is a real possibility.

The 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 considering potential investment opportunity. Such cooling measure may or may not slow down the pace for the acquisition of property for re-development purpose. The Group expects that the property market will be exposed to these risks.

In these respects, the Group regularly assesses 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 strengthens the quality of its property portfolio so as to help the Group to improve its performance. For each material potential investment, a feasibility study will be carried out before the proposed acquisition and focus will be placed on long-term prospect instead of short-term prospect.

BUSINESS REVIEW *(Continued)*

RISK AND UNCERTAINTY *(Continued)*

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 regarding capital expenditure and financial arrangement is of significance nowadays and the Group remains cautious and prudent in identifying and minimizing such risk.

The actual and expected global and mainland China economic growth and global/local political factors affect the value and performance of listed shares in Hong Kong. Due to the unpredictable ever-changing economic and political environment, the securities market will be more volatile. Volatility in the securities market may affect the value and composition of shares in the Group's investment portfolio, resulting in timely buy/sell decision under commercial conditions. The commercial risk in the 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 2020, the Group had four (2019: 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 determined based on each individual's performance.

ENVIRONMENTAL POLICY

The principal activities of the Group are property and shares investment, property development and securities dealings. As the Group has not directly engaged in construction of property during the year, it considers that it has not operated in environmentally sensitive business 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 2020. Disclosure relating to the Group's environment policy and performance is set out in the section headed "Environment" of the Environmental, Social and Governance Report ("ESG Report") on pages 24 to 27 of this annual report.

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 2020.

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 good long-term relationship with its core business stakeholders such as employees, tenants, agents, repairs sub-contractors, 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

The rapid spread of COVID-19 across the countries creates a great unprecedented challenge to the global economy. Unemployment rates have increased and are likely to worsen and business activities have generally slowed down. Businesses such as retail shops, catering business, and entertaining business had been severely affected and even shut down during the difficult period. Since the outbreak of COVID-19, the Group has provided assistance to certain tenants through the grant of temporary rental concession, on a case by case basis, and rental income from the investment properties is inevitably adversely affected.

Social unrest in Hong Kong has not calmed down, and the global economy is facing a great uncertainty due to the widespread of COVID-19. Trade tension between US and China and outcome of the Brexit add to the uncertainties. The market value and rental yield of the Group's properties are expected to be under downward pressure. The Group expects the annual rental for the year ended 31 March 2021 will be reduced by approximately 10%, as compared to the year ended 31 March 2020.

With China's recent promotion of the National Security Law to Hong Kong, the Group believes that in the long run, it can reduce social turmoil; the society, people's livelihood and economic prospects will become clearer.

Generally speaking, the market value of the listed shares has dropped significantly since late January 2020. The Group expects the securities market will be more volatile and dividend rate declared by the listed companies will be reduced in next financial year. Subsequent to the reporting date, following the disposal of the Group's share investment listed on the Stock Exchange on the open market at an aggregated consideration of approximately HK$48.4 million, the annual dividend income for the year ending 31 March 2021 is expected to reduce by approximately HK$2,391,000 (or 35%) to approximately HK$4,407,000, as compared to HK$6,798,000 for the year ending 31 March 2020. In the short run, the Group inclines to retain more cash to cope with the possibility of global recession. The Group will keep a close watch on market and political changes and make appropriate strategic adjustments to the Group's assets portfolio in order to safeguard the assets of the Group and consequential return to shareholders.

CHAIRMAN'S STATEMENT

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, 30 June 2020

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 2020 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 2020.

BOARD OF DIRECTORS

The 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 36 to 37 of this annual 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 2020, 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, AGM and EGM attended by each director during the year ended 31 March 2020

	Scheduled board meetings (i)	Audit committee meetings (ii)	Remuneration committee meeting	Nomination committee meeting	Corporate governance committee meeting	AGM 2019 (ii)	EGM held on 29.8.2019 29.8.2019 (ii)
Executive directors							
Mr. Ng Tai Wai *(Chairman)*	5/5	N/A	1/1	N/A	1/1	1/1	1/1
Mr. Ng Tai Yin, Victor	4/4	N/A	N/A	1/1	N/A	1/1	1/1
Non-executive directors							
Mr. So Kwok Leung	4/4	N/A	N/A	N/A	1/1	1/1	1/1
Mr. So Kwok Wai, Benjamin	4/4	2/2	N/A	N/A	N/A	1/1	1/1
Ms. Ng Kwok Fun	4/4	N/A	N/A	N/A	1/1	1/1	1/1
Independent non-executive directors							
Dr. Ng Chi Yeung, Simon	5/5	2/2	1/1	1/1	1/1	1/1	1/1
Ms. Chan Suit Fei, Esther	5/5	2/2	1/1	1/1	1/1	1/1	1/1
Mr. Heng Pei Neng, Roy	5/5	2/2	1/1	1/1	1/1	1/1	1/1

BOARD OF DIRECTORS *(Continued)*

(i) Included one meeting held by the Chairman and independent non-executive directors without the attendance of executive directors in March 2020.
(ii) External auditors also attended the meetings.
(iii) 4/4 denotes attendance of four out of a total of four meetings, and so on.
(iv) 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 *(Chairman)*		✓
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 2020.

During the year ended 31 March 2020, 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.

CORPORATE GOVERNANCE REPORT

NON-EXECUTIVE DIRECTORS

The non-executive and independent non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the Company.

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.

During the year ended 31 March 2020, one committee meeting was held at which there was a 100% attendance rate. Individual attendance of each committee member is shown on page 12 in the section headed "Board of directors".

The work performed by the remuneration committee during the year ended 31 March 2020 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; and
- making recommendation on the salary for all executive directors and senior management of the Group.

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.

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.

During the year ended 31 March 2020, one meeting of the committee were held with 100% attendance rate. Individual attendance of each committee member is shown on page 12 in the section headed "Board of directors".

The work performed by the nomination committee during the year ended 31 March 2020 included the following:

– review of the structure, size and composition of the Board;

– assessment of the independence of the independent non-executive directors and review of their annual confirmations on their independence; and

– recommendation to the Board for re-election of the retiring directors at the AGM 2019.

Taking into account the measurable objectives under the Board's diversity policy, 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 makes recommendation to the Board on appointment or 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 Article 115 of Company's Articles of Association, all newly appointed directors are subject to election by shareholders at the next following annual general meeting ("AGM") after appointment.

In accordance with the Article 110 of Company's Articles of Association, 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.

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.

During the year ended 31 March 2020, one meeting of the committee was held with 100% attendance rate. Individual attendance of each committee member is shown on page 12 in the section headed "Board of directors".

The work performed by the corporate governance committee during the year ended 31 March 2020 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 2020.

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.

During the year ended 31 March 2020, two meetings of the committee were held with 100% attendance rate. Attendance of individual member is shown on page 12 in the section headed "Board of directors".

AUDIT COMMITTEE *(Continued)*

The work performed by the audit committee during the year ended 31 March 2020 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 and interim results and reports 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 and other review, provided by the auditors (including existing and previous auditors) and any entity under common control of the auditors during the year ended 31 March 2020 is as follows:

	Existing auditors	**Previous auditors**
	HK$	HK$
Audit fee	360,000	–
Other non-audit services		
Interim review	50,000	–
Other review in relation to major transaction	–	40,024
	50,000	40,024
Other non-audit professional services provided by affiliated company of the auditors		
Taxation service	50,000	–
Other non-audit professional services	–	106,650
	50,000	106,650
Total	460,000	146,674

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 internal control measures 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. The 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 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 an 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.

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 37. During the year ended 31 March 2020, the company secretary undertook over 15 hours of professional training to update her skills and knowledge.

SHAREHOLDERS' RIGHT

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

The procedures for shareholders to convene and put forward proposals at meeting are subject to the provision under the 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.

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.

INVESTOR RELATIONS

There were no changes to the Company's constitutional documents during the year ended 31 March 2020.

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. In the second half of this financial year, the Group, as a property developer demolished the building located Nos. 60-66 Ma Tau Chung Road, Kowloon (the “Old MTC Building”) by an experienced contractor. After demolition, the building itself became demolish waste, which were classified as hazardous and non-hazardous waste, and put into landfill subsequently. During the year, the Group did not generate any material direct or indirect air emissions, discharges into water or land, 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.

As the Group has not directly engaged in construction of property 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 low.

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 *(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.

HAZARDOUS AND NON-HAZARDOUS WASTE

During the second half of financial year, the Group demolished the Old MTC Building, which was built in 1950s, by the contractor. The building itself became demolish waste, which were included both hazardous and non-hazardous waste, and put into landfill subsequently. As the demolish waste was generated as a result of the contractor's works, the Group did not record any data on the amount of hazardous and non-hazardous waste generated. The Group has been reinforcing its operation standards on contractors, building and service quality as well as business integrity. During the selection process of contractor, the Group takes into account of various factors included but not limited to the price and the relevant project experience. The Group also requires all contractors to comply with all relevant local law and standards with regard to quality control, occupational health and safety and environmental control especially how to deal with demolish waste. During the course of demolition work, it was reported that there were no confirmed environmental non-compliance incidents resulting in fines or prosecution regarding handling the hazardous and non-hazardous waste.

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 *(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	2020 (CO_2-e)	(%)	2019 (CO_2-e)	(%)	Changes (CO_2-e)	(%)
Total GHG emissions (Scope 1, 2 & 3) (tonnes)	(i)	12.43		11.20		1.23	11.0
Direct emissions (Scope 1)		0.00	0.0	0.00	0.0	–	–
Indirect emissions (Scope 2) (tonnes)							
– Electricity purchased from the power company	(ii)	8.59	69.1	8.04	71.8	0.55	6.8
Indirect emissions (Scope 3) (tonnes)							
– Local travel	(iii)	0.05	0.4	0.05	0.4	–	–
– Disposal of paper waste to landfill							
– office paper	(iv)	0.53	4.3	0.24	2.2	0.29	120.8
– paper for printing publications	(v)	3.26	26.2	2.87	25.6	0.39	13.6

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. Electricity used for demolition work was excluded in the performance data summary as the electricity used by the contractor were shared with the adjacent block. No data is available. The GHG emissions of the Group were quantified based on emission factors (i.e. 0.50 kg CO_2-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 (2019).

(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 (2019: corporate financial statement). The annual paper waste disposed to landfill is assumed to be amount of printed publications during the year.

ENVIRONMENTAL *(Continued)*

ENVIRONMENTAL DATA SUMMARY *(Continued)*

(b) ELECTRICITY CONSUMPTION

Indicators	Note	2020	2019	Changes	(%)
Indirect energy consumption (kWh)					
– Electricity	(i)	17,170	15,770	1,400	8.9
Expenses on energy consumption (HK$)		21,434	19,855	1,579	8.0

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	2020	2019	Changes	(%)
Total paper consumption (kg)					
– Office paper	(i)	109.8	49.9	59.9	120.0
– Paper for printing publications	(ii)	679.8	597.5	82.3	13.8

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 (2019: Corporate financial statements).

(d) WATER CONSUMPTION

Indicators	Note	2020	2019	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.

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 2020, the Group had a total of four permanent and full-time employees.

Indicators	**2020**	**2019**
Number of employees	4	4
By gender		
– Female	2	2
– Male	2	2
By age group		
– 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	11.8	10.8
Number of employees eligible to retire with the next five years	1	1

To maintain work-life balance, the Company holds lunch gatherings to celebrate traditional Chinese festivals such as 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.

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 business in a high-risk industry, the management considers there are relatively fewer 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.

Since the COVID-19 outbreak in January 2020, the Group has encouraged its staff to take every precautionary measure to ensure personal hygiene and avoid unnecessary social contact with tenants and other parties in the workplace. In order to control the incidence or transmission of the disease and combat the COVID-19, the Group has also encouraged the staff and directors to change means of meeting (if necessary) in place of physical meeting.

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	2020	2019
Total number and percentage (%) of employees who received training/education		2 (50%)	2 (50%)
By gender			
– Female		1 (50%)	1 (50%)
– Male		1 (50%)	1 (50%)
Total number of hours of job-related training/education received by employees	(i)	68	80
By gender			
– Female		40	40
– Male		28	40
Average number of hours of job-related training/education received by employees		17	20
Total number of hours granted to employees for external seminar and webinar during office hour	(ii)	8	6

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 mainly comprises of 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 has concerns on if they are capable of finishing the task on time without violating any environmental regulations especially handling materials waste. The Group ensures that all parties involved in the procurement process participate fairly, honestly and in good faith.

During the year, the Group engaged the demolition works contractor for Nos. 60-66 Ma Tau Chung Road, Kowloon through private tender. The selection and evaluation criteria of the contractor are shown on page 25 in the section headed "Hazardous and non-hazardous waste" in this environmental, social and governance report.

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 103 (2019: 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 2020.

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 2020.

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 10 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 2020 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 42 to 95.

DIVIDENDS

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

The directors now recommend that a final dividend of HK$0.12 per share and a final special dividend of HK$0.15 per share on 40,000,000 shares in issue totaling HK$10,800,000 in respect of the year ended 31 March 2020.

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 Company and the Group during the year are set out in note 29 to the Group's consolidated financial statements and the consolidated statement of changes in equity on page 44 to the Group's consolidated financial statements, respectively.

DIRECTORS' REPORT

DIRECTORS

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

Executive directors*:
Ng Tai Wai
Ng Tai Yin, Victor

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

* 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, Ms. Ng Kwok Fun, Mr. So Kwok Wai, Benjamin and Mr. Heng Pei Neng, Roy will retire by rotation and, being eligible, offer themselves for re-election.

The Company has received a 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.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2020, 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	Family interests	Corporate interests	Other interests	Total	Approximate percentage of issued share capital of the Company
		Number of issued ordinary shares held				
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 2020, 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 which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Saved as disclosed above, none of the Directors is also a director or employee of a company which has an interest or short position in shares or underlying shares of the Company which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV 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 listed securities of the Company or any of its subsidiaries 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 2020 attributable to the largest tenant and the five largest tenants in aggregate were 33% and 70% 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 2020.

RETIREMENT SCHEME

Particulars of the retirement scheme are set out in note 4.9 to the Group's consolidated financial statements.

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 consolidated financial statements for the year ended 31 March 2020 were audited by BDO Limited, Certified Public Accountants.

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 annual general meeting on 29 August 2019.

BDO Limited, Certified Public Accountants, was appointed as the auditor of the Company with effect from 29 August 2019 (i.e. following the retirement of Wong Brothers CPA Limited, Certified Public Accountants (Practising)) and shall hold office until the conclusion of the forthcoming annual general meeting. A resolution for their re-appointment will be proposed at 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, 30 June 2020

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Ng Tai Wai, aged 59, 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 55, 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 62, 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 57, was appointed on 9 March 2010 as a 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 61, 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 an 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 62, 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 62, 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 40, 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.

COMPANY SECRETARY

Ms. Mimoona Ma, aged 46, 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 a member of Risk Management Team and the 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

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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 42 to 95 which comprise the consolidated statement of financial position as at 31 March 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 2020, 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.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") 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 MATTER

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. These 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.

Valuation of investment properties
(refer to notes 4.4 and 5(b)(iii) for the significant accounting policies and disclosure for the estimation of fair value of investment properties, and note 16 to the consolidated financial statements)

Management estimated the fair value of the Group's investment properties to be approximately HK$940,000,000 as at 31 March 2020, with fair value loss of approximately HK$85,101,000 recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2020.

KEY AUDIT MATTER *(Continued)*

Valuation of investment properties *(Continued)*
Management has engaged an independent professional valuer (the "Management Expert") to assist the management in performing the valuation of the Group's investment properties as at 31 March 2020. The valuations of the Group's investment properties are dependent on certain key inputs, assumptions and estimations that require significant management judgement.

We identified valuation of the investment properties as a key audit matter due to the significance of investment properties to the Group's total assets, and because the valuation was inherently subjective and requires significant management judgment and estimation and significant changes in these estimates could result in material changes to the valuation of the investment properties.

OUR RESPONSES:

Our key procedures in relation to this key audit matter included:

- Involving an auditor's expert to assist our assessment on the reasonableness and appropriateness of the valuation methodologies and the key assumptions used in the valuation of the fair value of the major investment properties;

- Evaluating the reliability and relevance of the key inputs used in the valuation; and

- Evaluating the capabilities, competence and objectivity of the Management Expert and auditor's expert.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 March 2019, were audited by another auditor who expressed an unmodified opinion on those statements on 26 June 2019.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises all the information included in the Company's annual report, but does not include 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.

DIRECTORS' RESPONSIBILITIES 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 Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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 Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this 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 judgement 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- 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.

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 directors, 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.

BDO Limited
Certified Public Accountants
Cheung Wing Yin
Practising Certificate Number P06946

Hong Kong, 30 June 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 HK$	2019 HK$
Revenue	7	**21,894,215**	26,783,152
Other revenue	8	**122,080**	114,000
Other income and (losses)/gains	8	**(17,098,001)**	83,813,362
Fair value (loss)/gain on investment properties		**(85,101,147)**	63,609,939
Administrative and general expenses		**(6,958,834)**	(6,113,460)
Finance costs		**(712,953)**	(736,951)
(Loss)/profit before income tax	9	**(87,854,640)**	167,470,042
Income tax expense	13	**(1,455,789)**	(1,831,379)
(Loss)/profit for the year attributable to the owners of the company		**(89,310,429)**	165,638,663
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Changes in fair value of equity instruments at fair value through other comprehensive income		**(33,662,532)**	1,897,730
Other comprehensive income for the year		**(33,662,532)**	1,897,730
Total comprehensive income for the year attributable to the owners of the company		**(122,972,961)**	167,536,393
(Loss)/earnings per share (Basic and diluted)	14	**(2.23)**	4.14

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Notes	2020 HK$	2019 HK$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**1,555,384**	1,633,945
Investment properties	16	**940,000,000**	610,800,000
Properties held for or under development	17	**5,080,000**	4,960,000
Equity instruments at fair value through other comprehensive income	18	**81,137,972**	128,449,291
		1,027,773,356	745,843,236
Current assets			
Equity instruments at fair value through profit or loss	19	**56,224,483**	80,324,407
Trade and other receivables	20	**106,605,385**	2,396,738
Tax recoverable		**25,814**	51,723
Cash and bank balances	21	**27,979,110**	518,167,105
		190,834,792	600,939,973
Current liabilities			
Other payables	22	**5,745,998**	4,690,215
Bank borrowings – secured	23	**19,537,491**	20,525,200
Tax payable		**335,465**	103,886
		25,618,954	25,319,301
Net current assets		**165,215,838**	575,620,672
Total assets less current liabilities		**1,192,989,194**	1,321,463,908
Non-current liabilities			
Provision for long service payments	24	**118,000**	118,000
Deferred tax liabilities	25	**895,919**	866,197
		1,013,919	984,197
NET ASSETS		**1,191,975,275**	1,320,479,711
EQUITY			
Capital and reserves			
Share capital	26	**40,000,000**	40,000,000
Reserves	27	**1,151,975,275**	1,280,479,711
TOTAL EQUITY		**1,191,975,275**	1,320,479,711

The consolidated financial statements were approved and authorised for issue by the board of directors on 30 June 2020 and were signed on its behalf.

Ng Tai Wai
Director

So Kwok Leung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Share capital HK$	Capital reserve* HK$ (Note 27(a))	Fair value reserve* HK$ (Note 27(b))	Retained profits* HK$	Total HK$
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:					
Changes in fair value of equity instruments at fair value through other comprehensive income ("FVTOCI")	–	–	1,897,730	–	1,897,730
Total other comprehensive income	–	–	1,897,730	–	1,897,730
Total comprehensive income	–	–	1,897,730	165,638,663	167,536,393
Fair value reserve transferred to retained profits upon disposal of equity instruments at FVTOCI	–	–	(3,634,562)	3,634,562	–
Dividends approved in respect of the previous year (Note 28)	–	–	–	(12,745,275)	(12,745,275)
Dividends declared in respect of the current year (Note 28)	–	–	–	(2,800,000)	(2,800,000)
At 31 March 2019 and 1 April 2019	**40,000,000**	**251,046**	**44,925,182**	**1,235,303,483**	**1,320,479,711**
Loss for the year	**–**	**–**	**–**	**(89,310,429)**	**(89,310,429)**
Other comprehensive income:					
Changes in fair value of equity instruments at FVTOCI	**–**	**–**	**(33,662,532)**	**–**	**(33,662,532)**
Total other comprehensive income	**–**	**–**	**(33,662,532)**	**–**	**(33,662,532)**
Total comprehensive income	**–**	**–**	**(33,662,532)**	**(89,310,429)**	**(122,972,961)**
Fair value reserve transferred to retained profits upon disposal of equity instruments at FVTOCI	**–**	**–**	**(8,336,466)**	**8,336,466**	**–**
Dividends approved in respect of the previous year (Note 28)	**–**	**–**	**–**	**(4,731,475)**	**(4,731,475)**
Dividends declared in respect of the current year (Note 28)	**–**	**–**	**–**	**(800,000)**	**(800,000)**
At 31 March 2020	**40,000,000**	**251,046**	**2,926,184**	**1,148,798,045**	**1,191,975,275**

* These reserve accounts comprise the consolidated reserves of approximately HK$1,151,975,275 in the consolidated statement of financial position as at 31 March 2020 (2019: HK$1,280,479,711)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 HK$	2019 HK$
Cash flows from operating activities			
(Loss)/profit before income tax		**(87,854,640)**	167,470,042
Adjustments for:			
Gain on disposal of investment properties	8	**–**	(82,319,818)
Fair value (gain)/loss on properties held for or under development	8	**(120,000)**	12,800
Fair value loss on equity instruments at fair value through profit or loss ("FVTPL")	8	**19,901,731**	4,353,446
Fair value loss/(gain) on investment properties	16	**85,101,147**	(63,609,939)
Gain on disposal of equity instruments at FVTPL	7	**(39,017)**	(1,580,466)
Interest income	8	**(2,683,730)**	(5,859,790)
Finance costs	9	**712,953**	736,951
Depreciation	15	**78,561**	79,472
Provision for expected credit losses on trade and other receivables	9	**90,032**	–
Loss on disposal of property, plant and equipment	9	**–**	690
Operating profit before working capital changes		**15,187,037**	19,283,388
Decrease/(increase) in equity instruments at FVTPL		**4,237,210**	(13,872,175)
(Increase)/decrease in trade and other receivables		**(104,298,679)**	144,878
Increase/(decrease) in other payables		**1,124,308**	(721,893)
Cash (used in)/generated from operations		**(83,750,124)**	4,834,198
Income tax paid		**(1,168,579)**	(1,883,031)
Net cash (used in)/generated from operating activities		**(84,918,703)**	2,951,167
Cash flows from investing activities			
Purchase of property, plant and equipment		**–**	(1,280)
Additions of properties held for or under development		**–**	(82,800)
Additions of investment properties		**(414,301,147)**	(61,650,061)
Purchase of equity instruments at FVTOCI		**(1,632,048)**	(16,927,307)
Proceeds on disposal of equity instruments at FVTOCI		**15,280,835**	5,973,564
Proceeds on disposal of investment properties		**–**	137,919,818
Interest received		**2,683,730**	5,859,790
Net cash (used in)/generated from investing activities		**(397,968,630)**	71,091,724

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	2020 HK$	2019 HK$
Cash flows from financing activities		
Repayment of bank borrowings	**(987,709)**	(1,929,600)
Dividends paid	**(5,600,000)**	(15,600,000)
Interest paid	**(712,953)**	(736,951)
Net cash used in financing activities	**(7,300,662)**	(18,266,551)
Net (decrease)/increase in cash and cash equivalents	**(490,187,995)**	55,776,340
Cash and cash equivalents at the beginning of year	**518,167,105**	462,390,765
Cash and cash equivalents at the end of year	**27,979,110**	518,167,105
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**27,979,110**	518,167,105

1. GENERAL

Winfair Investment Company Limited (the "Company") is a public limited liability company incorporated in Hong Kong. Its shares are listed and traded on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company and its subsidiaries are together referred to as a Group. The address of its registered office is 501-2, 5/F, Lee Kiu Building, 51 Jordan Road, Kowloon, Hong Kong, which is also its principal place of business.

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

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

2.1 ADOPTION OF NEW OR REVISED HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations ("the new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2019:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12, HKAS 23

The impact of the adoption of HKFRS 16 Leases have been summarised in below. The other new or amended HKFRSs that are effective from 1 April 2019 did not have any significant impact on the Group's accounting policies.

HKFRS 16 – LEASES ("HKFRS 16")

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases ("HKAS 17"), HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee's perspective, almost all leases are recognised in the statement of financial position as right-of-use assets and lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to section (i) to (iv) of this note.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

2.1 ADOPTION OF NEW OR REVISED HKFRSs *(Continued)*

HKFRS 16 *(Continued)*

(i) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases.

(ii) Lessee accounting

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the consolidated statement of financial position of the lessee.

Under HKFRS 16, all leases are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

2.1 ADOPTION OF NEW OR REVISED HKFRSs *(Continued)*

HKFRS 16 *(Continued)*

(ii) Lessee accounting (Continued)

Lease liabilities

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made and remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g. a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

There are recognition exemptions for short-term leases. Short-term leases are leases with a lease term of 12 months or less at the commencement date. Payments associated with short-term leases are recognised on a straight-line basis as expenses in profit or loss.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability; (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. For right-of-use asset that meets the definition of an investment property, they are carried at fair value.

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements. The Group's leasehold land and buildings that were held for rental or capital appreciation purpose would continue to be accounted for under HKAS 40 and would be carried at fair value. The adoption of HKFRS 16 therefore does not have any significant impact on these right-of-use assets.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

2.1 ADOPTION OF NEW OR REVISED HKFRSs *(Continued)*

HKFRS 16 *(Continued)*

(iii) Lessor accounting

The Group has leased out its investment property to a number of tenants. As the accounting under HKFRS 16 for a lessor is substantially unchanged from the requirements under HKAS 17, the adoption of HKFRS 16 does not have significant impact on these financial statements.

(iv) Transitional impact and practice expedients applied

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as lease applying HKAS 17. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application, i.e. 1 April 2019. The Group has also applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained profits at the date of initial application (1 April 2019). The comparative information presented as at 31 March 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16. There was no impact to the opening balance as at 1 April 2019 upon the initial application of HKFRS 16.

The ownership interests in leasehold land held for use as at 31 March 2020, regarded as right-of-use assets, has been included in Property, plant and equipment upon adoption of HKFRS 16.

HK(IFRIC)-INT 23 – UNCERTAINTY OVER INCOME TAX TREATMENTS

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

AMENDMENTS TO HKFRS 9 – PREPAYMENT FEATURES WITH NEGATIVE COMPENSATION

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

AMENDMENTS TO HKAS 19 – PLAN AMENDMENTS, CURTAILMENT OR SETTLEMENT

The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company should use updated actuarial assumptions to determine its current service cost and net interest for the period. Additionally, the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) *(Continued)*

2.1 ADOPTION OF NEW OR REVISED HKFRSs *(Continued)*

AMENDMENTS TO HKAS 28 – LONG-TERM INTERESTS IN ASSOCIATES AND JOINT VENTURES

The amendment clarifies that HKFRS 9 applies to long-term interests (“LTI”) in associates or joint ventures which form part of the net investment in the associates or joint ventures and stipulates that HKFRS 9 is applied to these LTI before the impairment losses guidance within HKAS 28.

ANNUAL IMPROVEMENTS TO HKFRSs 2015-2017 CYCLE – AMENDMENTS TO HKFRS 3, BUSINESS COMBINATIONS

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

ANNUAL IMPROVEMENTS TO HKFRSs 2015-2017 CYCLE – AMENDMENTS TO HKFRS 11, JOINT ARRANGEMENTS

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 11 which clarify that when a party that participates in, but does not have joint control of, a joint operation which is a business and subsequently obtains joint control of the joint operation, the previously held equity interest should not be remeasured to its acquisition date fair value.

ANNUAL IMPROVEMENTS TO HKFRSs 2015-2017 CYCLE – AMENDMENTS TO HKAS 12, INCOME TAXES

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

ANNUAL IMPROVEMENTS TO HKFRSs 2015-2017 CYCLE – AMENDMENTS TO HKAS 23, BORROWING COSTS

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 23 which clarifies that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

2.2 NEW OR REVISED HKFRSs THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 3	Definition of a Business[1]
Amendments to HKAS 1 and HKAS 8	Definitions of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKFRS 16	COVID-19-Related Rent Concessions[2]

[1] Effective for annual periods beginning on or after 1 January 2020
[2] Effective for annual periods beginning on or after 1 June 2020

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.

AMENDMENTS TO HKFRS 3 – DEFINITION OF A BUSINESS

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a "substantive process".

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of "outputs" and a "business" to focus on returns from selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

AMENDMENTS TO HKAS 1 AND HKAS 8 – DEFINITION OF MATERIAL

The amendments clarify the definition and explanation of "material", aligning the definition across all HKFRS Standards and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

AMENDMENTS TO HKFRS 9, HKAS 39 AND HKFRS 7 – INTEREST RATE BENCHMARK REFORM

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

2.2 NEW OR REVISED HKFRSs THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE *(Continued)*

AMENDMENTS TO HKFRS 16 – COVID-19-RELATED RENT CONCESSIONS

The amendment introduces a new practical expedient for lessees to elect not to assess whether a COVID-19-related rent concessions is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lease applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes were not lease modifications. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

3. BASIS OF PREPARATION

(a) STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with all HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

(b) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared under the historical cost basis except for certain properties and financial instruments, which are measured at fair values as explained in the accounting policies set out in note 4 below.

(c) FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

4.2 SUBSIDIARIES

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of bringing the asset to its present working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

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

4.3 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Leasehold land and building	over lease term or 40 years on a straight-line basis
Leasehold improvement	10% reducing balance method
Furniture, fixtures and equipment	10% reducing balance method

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease. The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4.4 INVESTMENT PROPERTIES

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction and redevelopment for such purposes). Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

4.5 PROPERTIES HELD FOR OR UNDER DEVELOPMENT

Properties held for or under development include land held for undetermined future use, which is regarded as held for capital appreciation purpose. Such properties held for or under development are initially measured at cost, including any directly attributable expenditure, and stated at fair value, subsequent to initial recognition, at each reporting date when fair value can be determined reliably. Gains or losses arising from the changes in the fair values are taken to profit or loss.

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

4.6 FINANCIAL INSTRUMENTS

(i) FINANCIAL ASSETS

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There is one measurement category into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity instruments at FVTOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) IMPAIRMENT LOSS ON FINANCIAL ASSETS

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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

4.6 FINANCIAL INSTRUMENTS *(Continued)*

(ii) IMPAIRMENT LOSS ON FINANCIAL ASSETS *(Continued)*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) FINANCIAL LIABILITIES

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including other payables and borrowings, are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

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

4.6 FINANCIAL INSTRUMENTS *(Continued)*

(iv) EFFECTIVE INTEREST METHOD

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) EQUITY INSTRUMENTS

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) DERECOGNITION

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

4.7 IMPAIRMENT OF ASSETS (OTHER THAN FINANCIAL ASSETS)

At the end of each reporting period, the Group reviews the carrying amounts of the property, plant and equipment and investments in subsidiaries to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Value in use is based on the estimated future cash flows expected to be derived from the asset, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

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

4.8 LEASING

(a) POLICY APPLICABLE FROM 1 APRIL 2019

Accounting as a lessee

All leases are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The Group accounts for leasehold land and buildings that are held for rental or capital appreciation purpose under HKAS 40 and are carried at fair value. For right-of-use asset that meets the definition of a leasehold land and buildings held for own use, they are carried at cost less accumulated depreciation and any accumulated losses.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

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

4.8 LEASING *(Continued)*

(a) *POLICY APPLICABLE FROM 1 APRIL 2019* *(Continued)*

Accounting as a lessor

The Group has leased out its investment properties to a number of tenants. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

(b) *POLICY APPLICABLE UNTIL 31 MARCH 2019*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

The Group as lessee

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term, if any. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

The land and buildings elements of property leases are considered separately for the purposes of lease classification.

4.9 EMPLOYEE BENEFITS

(a) *SHORT TERM EMPLOYEE BENEFITS*

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(b) *DEFINED CONTRIBUTION RETIREMENT PLAN*

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(c) *TERMINATION BENEFITS*

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

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

4.10 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, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

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, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4.11 INCOME TAXES

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. 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 is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 “Investment Property”. Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except 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.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

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

4.12 REVENUE RECOGNITION

Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.

Dividend income is recognised when the right to receive the dividend is established.

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

4.13 CASH AND CASH EQUIVALENTS

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

4.14 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions.

4.15 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.

4.16 CAPITALISATION OF BORROWING COSTS

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.17 RELATED PARTIES

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control of the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

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

4.17 RELATED PARTIES *(Continued)*

(b) An entity is related to the Group if any of the following conditions applies:

(i) 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).

(ii) 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).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) 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).

(viii) the entity, or any member of the Group of which it is a part, provides key management personnel services to the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

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.

The 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.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT *(Continued)*

(a) CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

(i) DEFERRED TAXATION ON INVESTMENT PROPERTIES AND PROPERTIES HELD FOR OR UNDER DEVELOPMENT

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties and properties held for or under development (collectively referred to as the "Properties") that are using the fair value model, the directors of the Company have reviewed the Properties portfolios and concluded that the Properties situated in Hong Kong are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the Properties over time rather than through sale. Therefore, the presumption that the carrying amounts of the Properties are recovered entirely through sale is not rebutted for properties situated in Hong Kong. As a result, the Group has not recognised any deferred taxes on changes in fair value of these Properties located in Hong Kong as the Group is not subject to any income tax on disposal of these Properties.

(b) KEY SOURCES OF ESTIMATION UNCERTAINTY

In addition to information disclosed elsewhere in these financial statements, other key sources of estimation uncertainty that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within next financial year are as follows:

(i) INCOME TAXES

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences, of course, will impact upon the income tax and deferred tax provision in the period in which such determination is made.

(ii) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of the reporting period. They are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows.

(iii) FAIR VALUE OF INVESTMENT PROPERTIES AND PROPERTIES HELD FOR OR UNDER DEVELOPMENT

The investment properties and properties held for or under development are carried in the consolidated statement of financial position at 31 March 2020 at their fair values, details of which are disclosed in notes 16 and 17 respectively. The fair values of the Properties are determined by reference to valuations conducted on these Properties by an independent qualified external valuer using property valuation techniques which involve certain assumptions of prevailing market conditions. Favourable or unfavourable changes to these assumptions may result in changes in the fair value of the Group's Properties and corresponding adjustments to the changes in fair value reported in the consolidated statement of profit or loss and other comprehensive income.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT *(Continued)*

(b) KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(iv) FAIR VALUE MEASUREMENT

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures investment properties (note 16), properties held for or under development (note 17), equity instruments at FVTOCI (note 18) and equity instruments at FVTPL (note 19) at fair value. For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable note.

(v) IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

The Group's management determines the provision for impairment of receivables on a forward-looking basis. In making the judgement, management considers available reasonable and supportive forward-looking information such as actual or expected significant changes in the operating results of debtors, actual or expected significant adverse changes in business and debtors' financial position.

At each reporting date, the historical observed default rates would be reassessed and changes in the forward-looking estimates are analysed. The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL and the Group's trade and other receivables are disclosed in note 36(a) to the consolidated financial statements.

6. SEGMENT INFORMATION

The Group determines its operating segments based on internal reports reviewed by the Group's chief operating decision maker (i.e. the executive directors) that are used to assess segment performance and make strategic decision.

The reportable segments of the Group are as follows:

Securities investments	– securities investment for short-term and long-term
Property leasing	– letting investment properties
Property development	– properties held for or under development

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

	Securities investments		Property leasing		Property development		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$	HK$	**HK$**	HK$	**HK$**	HK$	**HK$**	HK$
Segment revenue – external customer	**6,836,691**	9,727,383	**15,057,524**	17,055,769	**-**	–	**21,894,215**	26,783,152
Segment results before net gains or losses	**5,522,890**	8,455,350	**11,034,413**	13,621,678	**72,995**	75,631	**16,630,298**	22,152,659
Gain on disposal of investment properties	**-**	–	**-**	82,319,818	**-**	–	**-**	82,319,818
Fair value loss on equity instruments at FVTPL	**(19,901,731)**	(4,353,446)	**-**	–	**-**	–	**(19,901,731)**	(4,353,446)
Fair value (loss)/gain on investment properties	**-**	–	**(85,101,147)**	63,609,939	**-**	–	**(85,101,147)**	63,609,939
Fair value gain/(loss) on properties held for or under development	**-**	–	**-**	–	**120,000**	(12,800)	**120,000**	(12,800)
Segment results	**(14,378,841)**	4,101,904	**(74,066,734)**	159,551,435	**192,995**	62,831	**(88,252,580)**	163,716,170
Bank interest income							**2,683,730**	5,859,790
Finance costs							**(712,953)**	(736,951)
Unallocated corporate expenses							**(1,572,837)**	(1,368,967)
(Loss)/profit before income tax							**(87,854,640)**	167,470,042

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

Revenue and expenses are allocated to the operating segments by reference to revenue generated by those segments and the expenses incurred by those segments including depreciation and impairment losses attributable to those segments. Bank interest income, finance costs and certain corporate expenses are not allocated to the operating segments as they are not included in the measure of the segments results that is used by the chief operating decision-maker for assessment of segment performance.

The Group's customer base is diversified and includes two tenants (2019: one tenant) of leasing properties with whom transactions have exceeded 10% of the Group's revenues amounted to approximately HK$7.4 million (2019: HK$4.8 million).

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	
	2020	2019	2020	2019	2020	2019	2020	2019
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$
Assets								
Segment assets	**144,175,839**	227,903,580	**1,052,237,354**	616,788,757	**5,080,000**	4,960,000	**1,201,493,193**	849,652,337
Tax recoverable	**–**	–	**24,489**	51,398	**1,325**	325	**25,814**	51,723
	144,175,839	227,903,580	**1,052,261,843**	616,840,155	**5,081,325**	4,960,325	**1,201,519,007**	849,704,060
Unallocated corporate assets							**17,089,141**	497,079,149
Total assets							**1,218,608,148**	1,346,783,209
Liabilities								
Segment liabilities	**236,800**	165,520	**23,762,877**	23,606,434	**146,508**	140,408	**24,146,185**	23,912,362
Tax payable and deferred tax liabilities	**–**	–	**1,231,384**	970,083	**–**	–	**1,231,384**	970,083
	236,800	165,520	**24,994,261**	24,576,517	**146,508**	140,408	**25,377,569**	24,882,445
Unallocated corporate liabilities							**1,255,304**	1,421,053
Total liabilities							**26,632,873**	26,303,498

Segment assets principally comprise all tangible assets and current assets directly attributable to each segment with the exception of other unallocated head office and corporate assets (including fixed deposits and bank accounts) as these assets are managed on a group basis. Segment liabilities include all liabilities and borrowing directly attributable to and managed by each segment with the exception of other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

6. SEGMENT INFORMATION *(Continued)*

Other segment information is as follows:

	Securities investments		Property leasing		Property development		Consolidated total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$	HK$	**HK$**	HK$	**HK$**	HK$	**HK$**	HK$
Capital expenditure	**-**	–	**414,301,147**	88,691,341	**-**	82,800	**414,301,147**	88,774,141
Purchase of equity instruments at FVTOCI	**1,632,048**	16,927,307	**-**	–	**-**	–	**1,632,048**	16,927,307
Loss on disposal of property, plant and equipment	**-**	–	**-**	690	**-**	–	**-**	690
Depreciation	**979**	1,122	**77,582**	78,350	**-**	–	**78,561**	79,472
Provision for expected credit losses on trade and other receivables	**-**	–	**90,032**	–	**-**	–	**90,032**	–
Fair value (loss)/gain on equity instruments at FVTOCI	**(33,662,532)**	1,897,730	**-**	–	**-**	–	**(33,662,532)**	1,897,730
Gain on disposal of equity instruments at FVTOCI transferred from fair value reserve to retained profits	**8,336,466**	3,634,562	**-**	–	**-**	–	**8,336,466**	3,634,562

7. REVENUE

	2020	2019
	HK$	HK$
Gross rental income from investment properties	**15,057,524**	17,055,769
Dividend income from listed investments		
– Equity instruments at FVTPL	**2,760,677**	3,592,247
– Equity instruments at FVTOCI		
– related to investments derecognised during the year	**157,500**	82,800
– related to investments held at the end of the reporting period	**3,879,497**	4,471,870
Gain on disposal of equity instruments at FVTPL	**39,017**	1,580,466
	21,894,215	26,783,152

8. OTHER REVENUE, OTHER INCOME AND (LOSSES)/GAINS

	2020 HK$	2019 HK$
Other revenue		
Sundry income	**122,080**	114,000

	2020 HK$	2019 HK$
Other income and (losses)/gains		
Bank interest income	**2,683,730**	5,859,790
Gain on disposal of investment properties	**–**	82,319,818
Fair value loss on equity instruments at FVTPL	**(19,901,731)**	(4,353,446)
Fair value gain/(loss) on properties held for or under development	**120,000**	(12,800)
	(17,098,001)	83,813,362

9. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after charging/(crediting):

	2020 HK$	2019 HK$
Auditors' remuneration		
– audit services	**360,000**	257,000
– non-audit services	**246,674**	154,555
Depreciation		
– Owned property, plant and equipment (Note 15)	**8,188**	79,472
– Right-of-use assets including within leasehold land and building (Note 15)	**70,373**	–
Direct operating expenses in respect of investment properties		
– that generated rental income	**861,266**	400,430
– that did not generate rental income	**71,071**	80,688
Gain on disposal of investment properties (Note 8)	**–**	(82,319,818)
Interest on bank borrowings	**712,953**	736,951
Loss on disposal of property, plant and equipment	**–**	690
Provision for expected credit losses on trade and other receivables	**90,032**	–

10. STAFF COSTS

	2020 HK$	2019 HK$
Staff costs (including directors' emoluments (Note 11)) comprise:		
– Directors' fees and salaries	**2,159,020**	2,167,224
– Salaries and other benefits	**1,765,760**	1,713,600
– Contributions to defined contribution retirement plans	**103,325**	100,811
	4,028,105	3,981,635

11. DIRECTORS' REMUNERATION

Directors' emoluments disclosed pursuant to section 383 of the Hong Kong Companies Ordinance (Cap.622) (the Ordinance) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap.622G) (the Regulation) is as follows:

	Fees HK$	Salaries and allowance HK$	Contributions to defined contribution retirement plans HK$	Total emoluments HK$
For the year ended 31 March 2020				
Executive directors –				
Ng Tai Wai	**100,000**	**752,982**	**18,000**	**870,982**
Ng Tai Yin, Victor	**100,000**	**606,038**	**18,000**	**724,038**
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	**100,000**	**–**	**–**	**100,000**
	800,000	**1,359,020**	**36,000**	**2,195,020**

11. DIRECTORS' REMUNERATION *(Continued)*

	Fees HK$	Salaries and allowance HK$	Contributions to defined contribution retirement plans HK$	Total emoluments HK$
For the year ended 31 March 2019				
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

Notes:

(i) Appointed on 3 April 2018.

(ii) Resigned on 3 April 2018.

(iii) No directors' retirement benefit is arising on or after or in connection with a director's retirement during the year.

(iv) No payment made or benefit provided in respect of the termination of the service of all directors, whether in the capacity of directors or in any other capacity while directors.

(v) No consideration provided to or receivable by third parties for making available the services of a person as director or in any other capacity while director.

12. FIVE HIGHEST PAID INDIVIDUALS

Of the five individuals with the highest emoluments in the Group, two (2019: two) are executive directors of the Company whose emoluments are included in note 11 above. The emoluments of the remaining three (2019: three) individuals were as follows:

	2020 HK$	2019 HK$
Salaries	**1,456,760**	1,427,100
Contributions to defined retirement benefit scheme	**53,750**	52,361
	1,510,510	1,479,461

Their emoluments were within the following band:

	2020 No. of individuals	2019 No. of individuals
Nil to HK$1,000,000	**3**	3

No inducement for joining the Group or compensation for loss of office was paid or payable to any five highest paid individuals during the year (2019: Nil).

13. INCOME TAX EXPENSE

	2020 HK$	2019 HK$
Current income tax – Hong Kong Profits tax	**1,518,500**	1,950,500
Over provision in prior years	**(92,433)**	(159,273)
	1,426,067	1,791,227
Deferred income tax (Note 25)	**29,722**	40,152
Income tax expense	**1,455,789**	1,831,379

Hong Kong Profits tax is calculated at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong, except for one subsidiary of the Company which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

13. INCOME TAX EXPENSE *(Continued)*

The income tax expense for the year can be reconciled to the (loss)/profit before income tax in the consolidated statement of profit or loss and other comprehensive income as follows:

	2020	2019
	HK$	HK$
(Loss)/profit before income tax	**(87,854,640)**	167,470,042
Tax calculated at the domestic tax rate	**(14,661,016)**	27,467,558
Tax effect of expenses not deductible for tax purpose	**14,132,666**	97,323
Tax effect of revenue not taxable for tax purpose	**(1,650,232)**	(26,443,966)
Tax effect of tax losses not recognised	**3,741,994**	865,970
Over provision in prior years	**(92,433)**	(159,273)
Others	**(15,190)**	3,767
Income tax expense	**1,455,789**	1,831,379

14. (LOSS)/EARNINGS PER SHARE

The basic (loss)/earnings per share for the year is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue held by the Group of 40,000,000 (2019: 40,000,000) during the year. There were no potential dilutive ordinary share outstanding for both years.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building	**Leasehold improvement**	**Furniture, fixtures and equipment**	**Total**
	HK$	HK$	HK$	HK$
Cost				
At 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, 1 April 2019, and at 31 March 2020	3,758,960	462,600	218,836	4,440,396
Accumulated depreciation				
At 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
Disposals	–	–	(608)	(608)
At 31 March 2019 and 1 April 2019	2,206,894	432,111	167,446	2,806,451
Charge for the year	70,373	3,049	5,139	78,561
At 31 March 2020	2,277,267	435,160	172,585	2,885,012
Net book value				
At 31 March 2020	1,481,693	27,440	46,251	1,555,384
At 31 March 2019	1,552,066	30,489	51,390	1,633,945

The Group has initially applied HKFRS 16 using the modified retrospective method and adjusted the opening balances at 1 April 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. The net book value of the Group's right-of-use assets included in property, plant and equipment as at 1 April 2019 and 31 March 2020 represented the leasehold land and building and carried at depreciated cost.

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

RIGHT-OF-USE ASSETS

The analysis of the carrying amount of right-of-use assets by class of underlying asset is as follows:

	At 31 March 2020 HK$	At 1 April 2019 HK$
Ownership interests in leasehold land and building held for own use, carried at depreciated cost in Hong Kong*	**1,481,693**	1,552,066

* The Group had an ownership interest in leasehold land held for own use as head office in Hong Kong. The lease term is medium-term lease. Lump sum payments were made upfront to lease the land, and there are no ongoing payments to be made under the terms of the land lease.

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2020 HK$
Depreciation of right-of-use assets by class of underlying asset:	
Ownership interests in leasehold land and building	**70,373**

16. INVESTMENT PROPERTIES

	2020 HK$	2019 HK$
Fair value		
At the beginning of year (level 3 recurring fair value)	**610,800,000**	514,100,000
Additions	**414,301,147**	88,690,061
Disposals	**–**	(55,600,000)
(Decrease)/increase in fair value recognised in profit or loss	**(85,101,147)**	63,609,939
At the end of year (level 3 recurring fair value)	**940,000,000**	610,800,000

16. INVESTMENT PROPERTIES *(Continued)*

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

	2020	2019
	HK$	HK$
Short-term lease	**26,000,000**	35,000,000
Medium-term leases	**225,700,000**	225,500,000
Long-term leases	**688,300,000**	350,300,000
	940,000,000	610,800,000

The investment properties were revalued on 31 March 2020 and 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 consolidated financial statements.

Included in the investment properties, the carrying value of HK$586,000,000 (2019: Nil) as at 31 March 2020 represents the investment properties under redevelopment in Hong Kong.

At 31 March 2020, the investment properties with aggregate carrying value of approximately HK$78,200,000 (2019: HK$332,400,000) have been pledged to a bank to secure general bank facilities of the Group.

17. PROPERTIES HELD FOR OR UNDER DEVELOPMENT

	2020	2019
	HK$	HK$
Fair value		
At the beginning of the year (level 3 recurring fair value)	**4,960,000**	4,890,000
Additions	**–**	82,800
Increase/(decrease) in fair value recognised in profit or loss	**120,000**	(12,800)
At the end of the year (level 3 recurring fair value)	**5,080,000**	4,960,000

The properties held for or under development are situated in Hong Kong and held under medium term leases. The properties were revalued at 31 March 2020 and 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 consolidated financial statements.

18. EQUITY INSTRUMENTS AT FVTOCI

	2020 HK$	2019 HK$
Listed shares in Hong Kong, at fair value		
At the beginning of the year	**128,449,291**	–
Initial adoption of HKFRS 9 at 1 April 2018	**–**	115,597,818
Additions	**1,632,048**	16,927,307
Disposals	**(15,280,835)**	(5,973,564)
(Decrease)/increase in fair value	**(33,662,532)**	1,897,730
At the end of the year	**81,137,972**	128,449,291

The listed equity securities were irrevocably designated at FVTOCI as the Group considers the investment to be long-term strategic capital investment in nature. The Group held less than 1% interest of issued share capital for each underlying investee company.

Top five holdings of the Group's equity instruments at FVTOCI are as follows:

Stock Code	Stock name	Principal business	2020 HK$'000	2019 HK$'000
5	HSBC Holdings plc	Financials	**16,855**	22,888
388	Hong Kong Exchanges and Clearing Limited	Financials	**13,036**	15,067
17	New World Development Co Limited	Properties & Construction	**11,883**	19,072
2	CLP Holdings Limited	Utilities	**7,150**	22,738
1398	Industrial and Commercial Bank of China Limited – H Shares	Financials	**6,378**	N/A
1	CK Hutchison Holdings Limited	Conglomerates	**N/A**	8,261

N/A – It is not applicable to disclose as they were not the top five holdings of the Group's equity instruments at FVTOCI in the respective financial years.

Changes in fair value of the above equity securities are recognised in other comprehensive income and accumulated within the fair value reserve within equity. The Group transfers amounts from fair value reserve to retained profits when the relevant equity securities are derecognised. During the year, the Group disposed certain equity securities resulting in a transfer of accumulated gain on the equity instruments at FVTOCI of approximately HK$8,336,466 within equity (2019: HK$3,634,562).

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

19. EQUITY INSTRUMENTS AT FVTPL

	2020 HK$	2019 HK$
Listed shares in Hong Kong, at fair value and classified as current asset	**56,224,483**	80,324,407

The fair values of listed shares are based on their current bid prices in an active market.

20. TRADE AND OTHER RECEIVABLES

	2020 HK$	2019 HK$
Rental receivables (Note (i))		
– Within 30 days	**115,500**	143,000
– Within 31 days to 60 days	**87,500**	66,555
– Within 61 days to 90 days	**28,532**	300
	231,532	209,855
Other receivables	**617,365**	1,936,237
Stamp duty receivables (Note (ii))	**105,575,000**	–
Deposits and prepayments	**271,520**	250,646
	106,695,417	2,396,738
Less: Provision for expected credit losses	**(90,032)**	–
Total trade and other receivables, net	**106,605,385**	2,396,738

Notes:

(i) Rental receivables from tenants are payable on presentation of invoices. Normally, monthly rentals are payable in advance by tenants in accordance with the respective lease term. As at 31 March 2020 and 2019, all trade and other receivables are expected to be recovered within one year. The ageing analysis is presented based on the invoice date at the end of the reporting period. The Group does not hold any collateral over these balances.

In determining the recoverability of rental receivables, the Group reviews the recoverable amount of each tenant at the end of the reporting period to ensure 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.

(ii) During the year, the Group acquired a redevelopment site located at No. 31 Fuk Tsun Street, Kowloon (the “Acquisition”). The Acquisition cost was approximately HK$404,876,000, comprising the consideration of HK$383,350,000, stamp duty, professional fees and other incidental costs. Stamp duty receivables in relation to the Acquisition are approximately HK$105,575,000. The Group does not hold any collateral over these balances.

20. TRADE AND OTHER RECEIVABLES *(Continued)*

Movements on the provision for expected credit losses as follows:

	2020	2019
	HK$	HK$
Balance at beginning of the year	–	–
Provision	90,032	–
Balance at end of the year	90,032	–

21. CASH AND BANK BALANCES

	2020	2019
	HK$	HK$
Time deposits	–	432,143,760
Cash at banks and in hand	27,979,110	86,023,345
	27,979,110	518,167,105

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. Cash at banks amounting to HK$16,517,273 (2019: HK$64,014,630) earns interest at floating rates based on daily bank deposits rates.

22. OTHER PAYABLES

	2020	2019
	HK$	HK$
Rental deposits received	2,245,788	2,548,328
Receipts in advance	200,583	158,668
Unclaimed dividends	422,790	589,077
Accrued expenses	2,876,837	1,394,142
	5,745,998	4,690,215

23. BANK BORROWINGS – SECURED

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

	2020 HK$	2019 HK$
Current liabilities		
– Within one year	**810,588**	10,270,200
– After one year but not exceeding two years	**810,588**	10,255,000
– After two years but not exceeding five years	**17,916,315**	–
	19,537,491	20,525,200

Notes:

(a) As at 31 March 2020, secured bank loans of approximately HK$19,537,000 (2019: HK$20,525,000) are classified as current liabilities as the related loan agreements contain a clause that provides the lenders with an unconditional right to demand repayment at any time at its own discretion.

(b) The Group's secured bank loans bear interest at 1.55% above Hong Kong Interbank Offered Rate ("HIBOR"), or 1.8% per annum below Hong Kong Dollars Best Lending Rate ("BLR") of a commercial bank in Hong Kong (2019: 2% above HIBOR, or 1% below BLR). During the year, interest on bank borrowings was HK$712,953 (2019: HK$736,951).

(c) As at 31 March 2020 and 2019, the Group's bank borrowings were secured by (i) investment properties amounting to approximately HK$78,200,000 (2019: HK$332,400,000) (note 16); and (ii) a corporate guarantee amounting to HK$32,900,000 (2019: HK$82,900,000) (note 34) given by the Company in favour of the bank for securing the aforesaid loans.

(d) The Group needs to fulfill certain covenants on loan-to-security value ratio. If the Group were to breach the covenants, the drawn down facilities would become payable on demand and the rent of the pledged properties would be collected by the bank. The Group regularly monitors its compliance with these covenants. As at 31 March 2020 and 2019, the Group has not breached any of the covenants of the banking facilities.

(e) The directors of the Company consider that the carrying amount of the bank borrowings approximates their fair value.

24. PROVISION FOR LONG SERVICE PAYMENTS

	2020 HK$	2019 HK$
Non-current liabilities		
At the beginning of the year and at the end of the year	**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.

25. DEFERRED TAX

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 2018	842,086	(16,041)	826,045
Charged to profit or loss for the year	42,586	(2,434)	40,152
At 31 March 2019 and 1 April 2019	884,672	(18,475)	866,197
Charged to profit or loss for the year	37,155	(7,433)	29,722
At 31 March 2020	921,827	(25,908)	895,919

As at 31 March 2020, the Group did not recognise deferred tax assets in respect of losses amounting to approximately HK$32,991,000 (2019: HK$10,311,000) that can be carried forward against future taxable income due to uncertainty of availability of future taxable income. The tax losses do not have expiry date.

26. SHARE CAPITAL

	HK$
Issued and fully paid:	
At 1 April 2018, 31 March 2019 and 31 March 2020	
– 40,000,000 ordinary shares	40,000,000

27. RESERVES

(a) CAPITAL RESERVE

The reserve is arising from the capital contribution from equity holders resulted from the reorganisation in prior years.

(b) FAIR VALUE RESERVE

The balance represents the cumulative net change in the fair value of equity investment designated at FVTOCI that are held at the end of the reporting period.

28. DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the year:

	2020 HK$	2019 HK$
Interim dividend declared and paid of HK$0.02 (2019: HK$0.02) per ordinary share	**800,000**	800,000
Interim special dividend declared and paid of HK$Nil (2019: HK$0.05) per ordinary share	**–**	2,000,000
Final dividend proposed after the end of the reporting period of HK$0.12 (2019: HK$0.12) per ordinary share	**4,800,000**	4,800,000
Final special dividend proposed after the end of the reporting period of HK$0.15 (2019: HK$Nil) per ordinary share	**6,000,000**	–
	11,600,000	7,600,000

The final dividend and final special dividend proposed after the end of the reporting period have not been recognised as a liability at the end of the reporting period.

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

	2020 HK$	2019 HK$
Final dividend for the year ended 31 March 2019 of HK$0.12 (2018: HK$0.12) per ordinary share	**4,800,000**	4,800,000
Final special dividend for the year ended 31 March 2019 of HK$Nil (2018: HK$0.20) per ordinary share	**–**	8,000,000
	4,800,000	12,800,000
Unclaimed dividend forfeited*	**(68,525)**	(54,725)
	4,731,475	12,745,275

* Pursuant to Article 145 of the Articles of Association of the company, on 31 March 2020 the board of directors resolved that the dividends for the financial years 2012/13 to 2013/14 amounting to HK$68,525 payable on or before 9 January 2014 remained unclaimed on 31 March 2020 be forfeited and recognised in the equity.

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.

The unclaimed dividend forfeited is a non-cash transaction.

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2020 HK$	2019 HK$
ASSETS AND LIABILITIES			
Non-current assets			
Investment in subsidiaries		**6,471,005**	6,481,005
Property, plant and equipment		**9,274**	10,304
Investment properties		**7,500,000**	7,700,000
Amounts due from subsidiaries		**683,405,049**	222,159,169
		697,385,328	236,350,478
Current assets			
Equity instruments at FVTPL		**56,224,483**	80,324,407
Trade and other receivables		**364,929**	1,140,486
Cash and bank balances		**23,335,603**	508,543,446
		79,925,015	590,008,339
Current liabilities			
Other payables		**1,533,504**	1,671,053
Amounts due to subsidiaries		**36,129,042**	16,170,786
		37,662,546	17,841,839
Net current assets		**42,262,469**	572,166,500
Total assets less current liabilities		**739,647,797**	808,516,978
Non-current liability			
Provision for long service payments		**24,000**	24,000
		24,000	24,000
NET ASSETS		**739,623,797**	808,492,978
EQUITY			
Capital and reserves			
Share capital	26	**40,000,000**	40,000,000
Reserves (note)		**699,623,797**	768,492,978
		739,623,797	808,492,978

The financial statements were approved by the board of directors on 30 June 2020 and were signed on its behalf.

Ng Tai Wai	**So Kwok Leung**
Director	*Director*

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

The Company	**Reserve – Retained Profits** HK$
At 1 April 2018	637,063,897
Profit for the year	146,974,356
Dividends approved in respect of the previous year (Note 28)	(12,745,275)
Dividends declared in respect of the current year (Note 28)	(2,800,000)
At 31 March 2019 and 1 April 2019	768,492,978
Loss for the year	(63,337,706)
Dividends approved in respect of the previous year (Note 28)	(4,731,475)
Dividends declared in respect of the current year (Note 28)	(800,000)
At 31 March 2020	699,623,797

30. INTERESTS IN SUBSIDIARIES

Name of subsidiaries	**Place of incorporation/ operation**	**Issued/fully paid up/registered share capital**	**Effective interest held by the Company**				**Principal activities**
			Directly		Indirectly		
		HK$	2020 %	2019 %	2020 %	2019 %	
Allied (HK) Industrial Limited	Hong Kong	1	100	100	-	–	Investment holdings
Heng Shun Properties Development Limited	Hong Kong	1	100	100	-	–	Property investment/ development
Hing Full Far East Development Limited	Hong Kong	10,000	100	100	-	–	Property investment
Hing Shing Far East Development Limited	Hong Kong	10,000	100	100	-	–	Share investment
Howe Kaye Investments Limited	Hong Kong	10,000	-	–	100	100	Property investment
Konchoy Limited	Hong Kong	2	100	100	-	–	Property investment
Wang Fung Far East Development Limited	Hong Kong	10,000	100	100	-	–	Property investment/ development
Wing Sum Investment Company Limited	Hong Kong	10,000	100	100	-	–	Property investment
Wing Tai Investment Limited	Hong Kong	1	100	100	-	–	Property investment (2019: Dormant)
Yick Fu Investment Company Limited	Hong Kong	1,800,000	100	100	-	–	Property investment
YLH Limited	Hong Kong	10,000	-*	100	-	–	Dormant

* Dissolved during the year ended 31 March 2020.

31. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of the liabilities arising from the financing activities:

	Bank borrowings, secured	
	2020	2019
	HK$	HK$
At the beginning of year	**20,525,200**	22,454,800
Changes from cash flows:		
– Repayment of bank borrowings	**(987,709)**	(1,929,600)
– Interest paid	**(712,953)**	(736,951)
	(1,700,662)	(2,666,551)
Other changes		
– Interest expenses	**712,953**	736,951
At the end of year	**19,537,491**	20,525,200

32. OPERATING LEASE ARRANGEMENTS

The Group's investment properties are leased to a number of tenants for varying terms. At the end of the reporting period, the total future minimum lease receipts under non-cancellable operating leases of investment properties were as follows:

	2020	2019
	HK$	HK$
Not later than one year	**10,862,366**	12,843,978
Later than one year and not later than two years	**2,172,359**	8,086,004
Later than two years and not later than three years	**4,900**	1,061,666
	13,039,625	21,991,648

The operating leases normally run from one to three years.

33. CAPITAL COMMITMENT

At the end of the reporting period, the Group had the following commitment:

	2020	2019
	HK$	HK$
Contracted but not provided for:		
Capital expenditure for the redevelopment of the investment properties	14,360,000	–
Authorised but not contracted for:		
Capital expenditure for the redevelopment of the investment properties	40,000,000	–

34. FINANCIAL GUARANTEES

Corporate guarantees given by the Company in favour of a bank for bank loans granted to the Group's subsidiaries:

	2020	2019
	HK$	HK$
Guaranteed amount (Maximum exposure to credit risk)	32,900,000	82,900,000

The Company provided guarantees in respect of facilities granted by the bank relating to bank loans arranged for subsidiaries with covenant as set out in note 23 to the consolidated financial statements. Pursuant to the terms of the guarantees, upon default in payments by the subsidiaries, the Company will be responsible for repaying the outstanding principals together with accrued interest and penalty owed by the defaulted subsidiaries to the bank. The directors of the Company consider that the likelihood of default in payments by purchasers is minimal.

35. CAPITAL RISK 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 borrowings 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.

36. FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, and market (including interest rate and equity) 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 credit risk is primarily attributable to its financial assets at amortised cost.

In respect of trade receivables, 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 mainly represented stamp duty receivables, dividend receivable from listed investments, interest receivables from financial institutions and sale proceeds from disposal of listed investments. The credit risk on stamp duty receivables is limited because the counterparty is a government authority which the management does not expect it to fail to its obligation. 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. The counterparties of the majority of cash and bank balances are located in Hong Kong. As the Group's bank balances are deposited with a number of reputable banks, in the opinion of the directors of the Company, the credit risk of the Group's bank balances is insignificant.

36. FINANCIAL RISK MANAGEMENT *(Continued)*

(a) CREDIT RISK *(Continued)*

IMPAIRMENT AND PROVISION POLICIES

The Group's impairment requirements under HKFRS 9 are based on an expected credit loss model. The Group applies simplified approach to measure ECL on trade receivables; and general approach to measure ECL on other financial assets accounted for at amortised cost. Under the simplified approach, the Group measures the loss allowance at an amount equal to lifetime ECL Under the general approach, financial assets migrate through the following three stages based on the change in credit risk since initial recognition: Stage 1: 12-months ECL, Stage 2: Lifetime ECL — not credit-impaired and Stage 3: Lifetime ECL — credit-impaired.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at the end of reporting period:

	31 March 2020		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	(%)	**(HK$)**	**(HK$)**
1-30 days past due	**10.0**	**115,500**	**11,500**
31-60 days past due	**61.7**	**87,500**	**54,000**
61-90 days past due	**86.0**	**28,532**	**24,532**
		231,532	**90,032**

Expected loss rates are based on actual loss experience over the past 5 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

(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 consolidated 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 the Group can be required to pay.

Specifically, for bank loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings is prepared based on the scheduled repayment dates.

36. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) LIQUIDITY RISK *(Continued)*

	Carrying amounts	Total undiscounted cash flow	Within 1 year or on demand
	HK$	HK$	HK$
At 31 March 2020			
Non-derivatives			
Bank borrowings, secured, subject to a repayment on demand clause	**19,537,491**	**19,537,491**	**19,537,491**
Rental deposit received	**2,245,788**	**2,245,788**	**2,245,788**
Accruals	**2,876,837**	**2,876,837**	**2,876,837**
Unclaimed dividends	**422,790**	**422,790**	**422,790**
	25,082,906	**25,082,906**	**25,082,906**
At 31 March 2019			
Non-derivatives			
Bank borrowings, secured, subject to a repayment on demand clause	20,525,200	20,525,200	20,525,200
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	25,056,747	25,056,747

The table that follows summarises the maturity analysis of bank loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand" time band in the maturity analysis. Taking into account the consolidated financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

36. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) LIQUIDITY RISK *(Continued)*

	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 2020						
Bank borrowings, secured	**19,537,491**	**21,735,653**	**1,356,585**	**1,333,460**	**19,045,608**	**–**
At 31 March 2019						
Bank borrowings, secured	20,525,200	20,995,568	10,712,026	10,283,542	–	–

(c) INTEREST RATE RISK

The Group's interest rate risk arises primarily from bank borrowings. Bank borrowings issued at variable rates expose the Group to cash flow interest rate risk. 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 at the end of the reporting period:

	2020 Effective interest rate		2019 Effective interest rate	
	%	HK$	%	HK$
Variable rate borrowings:				
Bank borrowings, secured	**2.62% to 4.47%**	**19,537,491**	2.68% to 4.29%	20,525,200

SENSITIVITY ANALYSIS

At 31 March 2020, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit for the year and retained profits by approximately HK$79,000 (2019: HK$54,000) in response to the general increase/decrease in interest rates.

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 end.

The analysis is performed on the same basis for 2019.

36. FINANCIAL RISK MANAGEMENT *(Continued)*

(d) PRICE RISK

The Group is exposed to equity price changes arising from equity instruments measured at FVTPL and equity instruments measured at FVTOCI.

The Group's listed investments are listed on the Stock Exchange of Hong Kong. Decisions to buy and sell listed investments at FVTPL 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 measured at FVTOCI have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations. The portfolio is diversified in terms of industry distribution, in accordance with the limits set by the Group.

Management monitors the market conditions and securities price fluctuations and responds so as to minimise adverse effects on the Group's financial performance.

SENSITIVITY ANALYSIS

The sensitivity analysis on equity price risk includes the Group's financial instruments, which fair value or future cash flows will fluctuate because of changes in their corresponding or underlying asset's equity price. If the prices of the equity instruments at FVTPL and FVTOCI had been 10% higher/lower, profit and the retained profits for the year would increase/decrease by approximately HK$5.6 million (2019: HK$8 million) and the total equity would increase/decrease by approximately HK$8.1 million (2019: HK$12.8 million) respectively.

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 2019.

(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.

36. FINANCIAL RISK MANAGEMENT *(Continued)*

(e) FAIR VALUE ESTIMATION *(Continued)*

FAIR VALUE HIERARCHY

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

Recurring fair value measurement
Financial assets:

	Level 1 HK$	Level 2 HK$	Level 3 HK$	Total HK$
As at 31 March 2020				
Equity instruments at FVTOCI				
– listed shares in HK	**81,137,972**	**–**	**–**	**81,137,972**
Equity instruments at FVTPL				
– listed shares in HK	**56,224,483**	**–**	**–**	**56,224,483**
	137,362,455	**–**	**–**	**137,362,455**
As at 31 March 2019				
Equity instruments at FVTOCI				
– listed shares in HK	128,449,291	–	–	128,449,291
Equity instruments at FVTPL				
– listed shares in HK	80,324,407	–	–	80,324,407
	208,773,698	–	–	208,773,698

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.

37. FAIR VALUE MEASUREMENT ON PROPERTIES

The following table presents the fair value of the Group's Properties 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(e)). The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

	Fair value measurements at 31 March 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$	**HK$**	**HK$**	**HK$**
Recurring fair value measurements				
Investment properties	**–**	**–**	**940,000,000**	**940,000,000**
Properties held for or under development	**–**	**–**	**5,080,000**	**5,080,000**
	–	**–**	**945,080,000**	**945,080,000**

	Fair value measurements at 31 March 2019			
	Level 1	Level 2	Level 3	Total
	HK$	HK$	HK$	HK$
Recurring fair value measurements				
Investment properties	–	–	610,800,000	610,800,000
Properties held for or under development	–	–	4,960,000	4,960,000
	–	–	615,760,000	615,760,000

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 of the Company 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 Properties.

The fair values of all Properties are classified as level 3. The movements of the investment properties and properties held for or under development during the year were set out in notes 16 and 17 to the consolidated financial statements respectively. The fair value of the Properties 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.

37. FAIR VALUE MEASUREMENT ON PROPERTIES *(Continued)*

INFORMATION ABOUT LEVEL 3 FAIR VALUE MEASUREMENTS

Information about Group's Properties classified as level 3 fair value measurement at the end of the reporting period are as follow:

As at 31 March 2020

Description	Fair value	Valuation Technique	Significant unobservable input(s)	Range (per square foot)	Relationship of unobservable inputs to fair value
Commercial properties	HK$320,700,000	Direct comparison approach	Unit sale rate 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$6,154 to HK$202,899	An increase in the unit sale rate used would result in an increase in the fair value measurement of the properties by the same percentage increase, and vice versa.
Industrial properties	HK$33,300,000	Direct comparison approach	Unit sale rate of similar properties in the relevant market after taking into account of time, size, building age, floor and view.	HK$3,229 to HK$3,906	An increase in the unit sale rate used would result in an increase in the fair value measurement of the properties by the same percentage increase, and vice versa.
Redevelopment sites at Ma Tau Chung Road and Fuk Tsun Street, Kowloon	HK$586,000,000*	Direct comparison approach	Unit sale rate of similar properties in the relevant market after taking into account of time, size, building age, location, zoning and development scale.	HK$4,419 to HK$11,158	An increase in the unit sale rate used would result in an increase in the fair value measurement of the properties by the same percentage increase, and vice versa.
Sites	HK$5,080,000	Direct comparison approach	Unit sale rate of similar properties in the relevant market after taking into account of time, size, location, accessibility, town planning zoning, structure and layout.	HK$323 to HK$1,349	An increase in the unit sale rate used would result in an increase in the fair value measurement of the properties by the same percentage increase, and vice versa.

* Nos. 60-66 Ma Tau Chung Road was demolished during the year, it was regrouped from "residential and commercial properties" to "redevelopment site".

37. FAIR VALUE MEASUREMENT ON PROPERTIES *(Continued)*

As at 31 March 2019

Description	Fair value	Valuation Technique	Significant unobservable input(s)	Range (per square foot)	Relationship of unobservable inputs to fair value
Commercial properties	HK$333,600,000	Direct comparison approach	Unit sale rate 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	An increase in the unit sale rate used would result in an increase in the fair value measurement of the properties by the same percentage increase, and vice versa.
Industrial properties	HK$35,200,000	Direct comparison approach	Unit sale rate 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	An increase in the unit sale rate used would result in an increase in the fair value measurement of the properties by the same percentage increase, and vice versa.
Residential & commercial properties in Ma Tau Chung Road, Kowloon	HK$242,000,000	Direct comparison approach	Unit sale rate of similar properties in the relevant market after taking into account of time, size, building age, location, zoning and development scale.	HK$3,362 to HK$9,411	An increase in the unit sale rate used would result in an increase in the fair value measurement of the properties by the same percentage increase, and vice versa.
Sites	HK$4,960,000	Direct comparison approach	Unit sale rate 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	An increase in the unit sale rate used would result in an increase in the fair value measurement of the properties by the same percentage increase, and vice versa.

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.

38. RELATED PARTIES TRANSACTIONS

Details of compensation of key management personnel of the Group and their remunerations are disclosed in note 11 of the consolidated financial statements.

39. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting date in April 2020, the Group disposed a total of 754,107 shares of HSBC Holdings plc at an aggregated consideration of approximately HK$29 million. As such, 372,349 of the shares were held for trading purpose and the remaining 381,758 shares were held for long-term strategic capital investment purpose. The directors of the Company estimated the disposals of shares would record for a loss of approximately HK$2.3 million (calculated by net sale proceeds less fair value at 31 March 2020) to profit or loss in year ending 31 March 2021. In addition, the Group also disposed of various equity instruments at FVTOCI and FVTPL at a total consideration of approximately HK$19.4 million up to the reporting date.

SCHEDULE OF PROPERTIES HELD BY THE GROUP

AS AT 31 MARCH 2020

(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 OR UNDER REDEVELOPMENT

	Location	Site area sq. ft.	Gross floor area sq. ft.	Lot No.	Construction progress	Expected completion date	Group's interest	Existing use
(1)	Nos. 60-66 Ma Tau Chung Road, Kowloon	3,678	33,108	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.	#	–	100%	Vacant
(2)	Remaining Portion of Kowloon Inland Lot No. 2123	4,403	39,627	Remaining Portion of Kowloon Inland Lot No. 2123	@	To be determined	100%	Vacant

\# The general building plan was approved by the Buildings Department on 17 December 2019 and the old building was demolished in February 2020 and the Group received the letter of no objection on completion of demolition works in late April 2020.

@ The general building plan was approved on 29 April 2020 and consultancy service on foundation works is underway.

SCHEDULE OF PROPERTIES HELD BY THE GROUP

AS AT 31 MARCH 2020

(C) PROPERTIES HELD FOR INVESTMENT

	Location	Lot No.	Existing 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
(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

FIVE YEAR FINANCIAL SUMMARY

	For the year ended 31 March				
	2016	2017	2018	2019 (i)	**2020**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Consolidated statement of profit or loss					
Revenue	25,596	26,283	27,226	26,783	**21,894**
Profit/(loss) before tax	6,055	53,334	363,559	167,470	**(87,855)**
Taxation	(2,332)	(2,385)	(2,373)	(1,831)	**(1,456)**
Profit/(loss) for the year	3,723	50,949	361,186	165,639	**(89,310)**
Consolidated statement of financial position					
Property, plant and equipment	1,860	1,788	1,713	1,634	**1,555**
Investment properties	586,500	602,800	514,100	610,800	**940,000**
Properties held for or under development	12,410	15,100	4,890	4,960	**5,080**
Equity instruments at FVTOCI	–	–	–	128,449	**81,138**
Available-for-sale financial assets	98,753	107,552	115,598	–	**–**
Deposits for acquisition of investment properties	–	–	27,040	–	**–**
Current assets	88,800	115,759	534,161	600,940	**190,835**
Current liabilities	(32,850)	(30,858)	(28,069)	(25,319)	**(25,619)**
Non-current liabilities	(960)	(1,029)	(944)	(984)	**(1,014)**
Net assets	754,513	811,112	1,168,489	1,320,480	**1,191,975**

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, 3 September 2020 at 9:30 a.m. for the following purposes:–

1. To receive and adopt 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 2020.

2. To declare a final dividend of HK$0.12 per share and final special dividend of HK$0.15 per share for the year ended 31 March 2020.

3. To re-elect Directors and to fix the remuneration of all Directors.

4. To re-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, 30 June 2020

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, 28 August 2020 to Thursday, 3 September 2020, 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, 27 August 2020.

(2) The register of members of the Company will also be closed from Friday, 11 September 2020 to Tuesday, 15 September 2020, 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 and final special dividend for the year ended 31 March 2020. To qualify for the receipt of the proposed dividends, 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, 10 September 2020.

(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, Ms. Ng Kwok Fun, Mr. So Kwok Wai Benjamin and Mr. Heng Pei Neng Roy 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 11 to Financial Statements and "Emolument Policy" in the Corporate Governance Report respectively in the Annual Report 2019/2020. Save as disclosed in the Annual Report 2019/2020, 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) 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.

(9) **Precautionary measures for the Annual General Meeting**

In light of the pandemic situation of COVID-19, the following precautionary measures will be taken by the Company at the forthcoming Annual General Meeting to protect the shareholders from the risk of infection:

(i) compulsory body temperature check will be conducted for every shareholder or proxy at the entrance of the venue of the Annual General Meeting (the "AGM venue"). Any person with a body temperature above 37.3 degrees Celsius or is exhibiting flu-like symptoms may be denied entry into the AGM venue and requested to leave the AGM venue;

(ii) every shareholder or proxy will have to submit a completed health declaration form prior to entry into the AGM venue;

(iii) every shareholder or proxy is required to wear a surgical face mask throughout the meeting. **Please note that no surgical face masks will be provided at the AGM venue and attendees should bring and wear their own masks;**

(iv) no refreshment will be served.

Any person who does not comply with the precautionary measures may be denied entry into the AGM venue. Shareholders are encouraged to appoint the chairman of the Annual General Meeting as their proxy to vote on the relevant resolutions at the meeting, instead of attending the meeting in persons.