



WINFAIR INVESTMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0287)

ANNUAL REPORT
2008/2009

CONTENTS

| | <i>Page</i> |
|---|-------------|
| Corporate Information | 02 |
| Directors and Senior Management | 03 |
| Chairman's Statement | 05 |
| Corporate Governance Report | 08 |
| Directors' Report | 13 |
| Independent Auditors' Report | 18 |
| Consolidated Income Statement | 20 |
| Consolidated Balance Sheet | 21 |
| Balance Sheet | 22 |
| Consolidated Statement of Changes in Equity | 23 |
| Consolidated Cash Flow Statement | 24 |
| Notes to Financial Statements | 25 |
| Schedule of Properties held by the Group | 52 |
| Five Year Financial Summary | 54 |
| Notice of Annual General Meeting | 55 |

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Ng See Wah
Mr. Soo Cho Ling
Mr. Ng Tai Wai

NON-EXECUTIVE DIRECTORS

Mr. So Kwok Leung
Mr. Ng Tai Yin Victor

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDITORS

Wong Brothers & Co.
Certified Public Accountants

SOLICITORS

Latham & Watkins
Lo, Wong & Tsui
Allen & Overy

PRINCIPAL BANKERS

The Hongkong and Shanghai
Banking Corporation Limited
DBS Bank (Hong Kong) Limited
Citic Ka Wah Bank Limited

COMPANY SECRETARY/QUALIFIED ACCOUNTANT

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

5/F, Lee Kiu Building
51 Jordan Road
Kowloon

CORPORATE WEBSITE

<http://www.winfairinvestment.com>

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Ng See Wah, aged 79, is the chairman of the company. He is the co-founder of the group and has extensive experience in property development and investment. He is responsible for the development of the corporate policy and the overall management of the group. He is the father of Mr. Ng Tai Wai and Mr. Ng Tai Yin Victor who are also directors of the company. In addition, he is a director and shareholder of Rheingold Holdings Limited, a company holding 3,370,500 shares of the company.

Mr. Soo Cho Ling, aged 80, is one of the founders of the group and has extensive experience in property investment and securities dealing. He is the father of Mr. So Kwok Leung, non-executive director of the company.

Mr. Ng Tai Wai, aged 48, was appointed on 2 November 1987 as director of the company. He is responsible for the general administration and financial management of the group. He is the son of Mr. Ng See Wah, the chairman and executive director of the company. In addition, he is a director and shareholder of Rheingold Holdings Limited, a company holding 3,370,500 shares of the company.

NON-EXECUTIVE DIRECTORS

Mr. So Kwok Leung, aged 51, was appointed on 28 October 1985 as director of the company. In previous years, he was responsible for the sale of properties developed by the group. He is the son of Mr. Soo Cho Ling, executive director of the company.

Mr. Ng Tai Yin Victor, aged 44, was appointed on 27 March 2008 as non-executive director of the company. He holds a Bachelor Degree of Applied Science from University of Regina, Canada. He has over 10 years' experience in property management as well as information technology. He is currently a director of several private companies with major business in property investment and property management. He is the son of Mr. Ng See Wah, the chairman and executive director of the company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Loke Yu alias Loke Hoi Lam, aged 59, was appointed as independent non-executive director, the chairman of the audit committee and a member of the remuneration committee of the company on 2 April 2007. He has over 35 years' experience in accounting and auditing for private and public companies; financial consultancy; and corporate management. He holds a Master of Business Administration Degree from Universiti Teknologi Malaysia and a Doctor of Business Administration Degree from University of South Australia. Dr. Loke is a fellow member of The Institute of Chartered Accountants in England & Wales; The Hong Kong Institute of Certified Public Accountants; and The Hong Kong Institute of Directors. He is also an associate member of The Hong Kong Institute of Chartered Secretaries and Administrators and a member of Malaysian Institute of Accountants. He is currently the chairman of MHL Consulting Limited and serves as an independent non-executive director of several public companies, which are listed on The Stock Exchange of Hong Kong Limited.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Ng Chi Yeung, Simon, aged 51, 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 the solicitor of Rowland Chow, Chan & Co., a law firm in Hong Kong. He is also an independent non-executive director of two other publicly listed companies in Hong Kong, namely, Ngai Lik Industrial Holdings Limited and Kith Holdings Limited. Mr. Ng holds a Bachelor Degree from the Manchester Metropolitan University in the United Kingdom and a Master Degree in Chinese and Comparative Law. 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 of the company.

Ms. Chan Suit Fei, Esther, aged 51, is an associate member of The Hong Kong Institute of Company Secretaries and holds a higher diploma in Company Secretary and Administration from The Hong Kong Polytechnic University. She is a chartered secretary and has over 20 years experience in corporate advisory services and secretarial practice. She is currently a director of a secretarial service company. She has been appointed as independent non-executive director of the company since 28 September 2004. She is also a member of the audit committee and the remuneration committee of the company.

COMPANY SECRETARY/QUALIFIED ACCOUNTANT

Ms. Mimoona Ma, aged 35, was appointed as the qualified accountant and company secretary of the company on 1 October 2004 and 12 July 2006 respectively. She holds a Bachelor Degree in Business Administration, and is a fellow member of the Association of Chartered Certified Accountants and a certified public accountant of the Hong Kong Institute of Certified Public Accountants. She has a number of years of experience in auditing, taxation and accounting services. She is the Head of the Accounting Department and is responsible for financial management and reporting, and reviewing the group's internal controls.

CHAIRMAN'S STATEMENT

On behalf of the board, I am delighted to report the group's financial results and activities for the year ended 31 March 2009.

RESULTS AND DIVIDENDS

For the year under review, the turnover of the group increased by HK\$82,102,821, or 305%, to HK\$109,005,441. The increase was mainly contributed by the sales of property units and an increase in sales of trading securities. The group's profit for the year, however, decreased by HK\$41,873,189, or 92%, to HK\$3,798,369, which was mainly due to fair value losses on both trading securities and investment properties, impairment loss on available-for-sale financial assets, and absence of gain on disposal of available-for-sale financial assets during the year.

In January 2009, an interim dividend of HK\$0.02 per share was paid. The board now recommends a final dividend of HK\$0.10 per share, absorbing a total of HK\$4,000,000. Subject to the approval by the shareholders, such dividends will be payable on 18 September 2009.

REVIEW OF OPERATIONS

Property development

The group recorded a profit of HK\$9,999,466, representing an increase of HK\$9,259,494 or 1,251% in property development sector, as compared to last year. The increase was primarily due to the sales of developed property located at Castle Peak Road. At present, there is no significant progress for other development projects.

Property investment

The rental income increased by HK\$74,924, or 0.6%, to HK\$11,410,853, and the result (excluding the revaluation loss of investments properties) from the property leasing business decreased by HK\$289,101, or 3.4%, to HK\$8,143,287. Following the exceptional turbulence in world's financial market in the third quarter of fiscal financial year 2008/09, the fair value of investment property inevitably devalued by HK\$2,970,000, or 2%, to HK\$143,300,000, as compared to last year.

Share investments and dividend income

The revenue of the securities investment business increased by HK\$7,027,897 (or 45%) to HK\$22,594,588, as compared to last year. The increase was mainly attributable to an increase in dealings in trading securities and an increase in dividend income from listed shares. During the year, the group transacted several securities dealings and recorded a profit margin of HK\$1,193,113 or 6% (2008: HK\$1,769,058 or 14%).

Since the global credit crunch in October 2008, the financial tsunami has spread over all kinds of enterprises and China economic growth has been slowed down. The group's share investment portfolio, for both trading or long term holding purpose, recorded unrealized loss of HK\$5,242,649 and HK\$38,370,603 in income statement and reserve respectively in the current year. Also, with the recognition of impairment loss and absence of disposal of long term holding securities during the year, the result of securities investment business has changed from last year's profit of HK\$22,036,098 to current year's loss of HK\$9,864,054. At 31 March 2009, the group's share investment portfolio had an aggregate fair value of HK\$96,280,862 (2008: HK\$111,123,199).

CHAIRMAN'S STATEMENT

Liquidity and financial resources

Subsequent to the disposal of developed property located at Castle Peak Road and the full payment of bank loan, the group maintains a strong cash position and without bank borrowings as at 31 March 2009 (2008: gearing ratio calculated as bank borrowings to total shareholders' equity was 5.9%). The management believes the existing cash reserve is sufficient to meet its operating and project development expenditure. The group will continue to adopt prudent policy in financial management.

Asset value of equity shares listed in Hong Kong

In order to fully reflect the underlying economic values of the group's equity shares listed in Hong Kong, the group considers it appropriate also to present to shareholders, as set out below, supplementary information on the changes in value of those equity shares since the balance sheet date to the open market valuation as at 17 July 2009.

| | Market value at 17 July 2009 (unaudited) HK\$ | Carrying value at 31 March 2009 (audited) HK\$ |
|---|--|---|
| Available-for-sale financial assets classified under non-current assets | 81,596,553 | 67,644,149 |
| Trading securities classified under current assets | 28,291,957 | 28,636,713 |
| | 109,888,510 | 96,280,862 |
| | Unaudited HK\$ | |
| Balance of carrying value at 1 April 2009 | 96,280,862 | |
| Addition | 5,400,488 | |
| Disposal | (17,053,000) | |
| Net increase in fair value | 25,260,160 | |
| Balance of carrying value at 17 July 2009 | 109,888,510 | |

PROSPECTS

Under a slow growth global economic environment followed by US sub-prime mortgage crisis, the management believes that all businesses will face a challenge in coming years. The management foresees the rental from investment properties might face a downward pressure and dividend income from listed shares would eventually reduce in next coming year. In response to an unfavorable economic environment and other market changes, the group will continue to adopt a conservative policy, closely monitor the performance of its assets portfolio and make appropriate strategic adjustments to maximize the returns 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 See Wah
Chairman

Hong Kong, 20 July 2009

CORPORATE GOVERNANCE REPORT

The company is committed to maintaining highest standards of corporate governance practice emphasizing transparency, independence and accountability. The board believes that good corporate governance practice better safeguards the assets and protects 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 the relevant Recommended Best Practices under the Code on Corporate Governance Practices (“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 the deviations described below.

CORPORATE GOVERNANCE PRACTICE

Save for the exceptions below, the company has complied with all the Code Provisions of the Code throughout the year ended 31 March 2009:

1. The group has not designated any chief executive officer. In normal practice, prior approvals by all executive directors are required for all strategic decisions in formal board meeting or under written resolutions. The group believes that the existing organization 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; and
3. Directors appointed to fill casual vacancy are not subject to election by shareholders at the first general meeting after their appointment. They will hold office until the next annual general meeting in which they are eligible for re-election.

DIRECTORS’ SECURITIES TRANSACTIONS

The company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors’ securities transactions. Specific enquiry was made to all directors that the required standard set out in the Model Code was complied with.

BOARD OF DIRECTORS

As at 31 March 2009, the board comprised eight directors, including three executive directors (one of them is chairman of the board), two non-executive directors and three independent non-executive directors. Biographical details of the directors are set out in the section “Directors and Senior Management” on pages 3 and 4.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS *(Continued)*

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

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

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

Table – Number of full board meetings and committee meetings attended by each director during the year

| | Scheduled board meetings | Audit committee meetings | Remuneration committee meetings |
|--|--------------------------------|--------------------------------|---------------------------------------|
| Executive directors | | | |
| Mr. Ng See Wah | 4/4 | N/A | N/A |
| Mr. Soo Cho Ling | 4/4 | N/A | N/A |
| Mr. Ng Tai Wai | 4/4 | N/A | 2/2 |
| Non-executive directors | | | |
| Mr. So Kwok Leung | 4/4 | N/A | N/A |
| Mr. Ng Tai Yin Victor | 4/4 | 2/2 | N/A |
| Independent non-executive directors | | | |
| Dr. Loke Yu alias Loke Hoi Lam | 4/4 | 2/2 | 2/2 |
| Mr. Ng Chi Yeung, Simon | 4/4 | 2/2 | 2/2 |
| Ms. Chan Suit Fei, Esther | 4/4 | 2/2 | 2/2 |

(i) 4/4 denotes attendance of 4 out of total of 4 meetings, and so on

(ii) N/A – not applicable

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

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Ng See Wah is the chairman of the board and none of directors is designated as chief executive officer.

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 officer was jointly performed by the three executive directors. The responsibilities include: providing leadership of the management; implementing and reporting to the board on the company's strategy; monitoring the performance of day-to-day management; establishing, maintaining and periodically reviewing proper internal controls, disclosures and procedures; and discharging the duties delegated by the board.

NON-EXECUTIVE DIRECTORS

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

REMUNERATION COMMITTEE

The remuneration committee, consisting of three independent non-executive directors and one executive director, has been established since 15 December 2004. The 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 Mr. Ng Chi Yeung, Simon and the committee members are Dr. Loke Yu alias Loke Hoi Lam, Mr. Ng Tai Wai and Ms. Chan Suit Fei, Esther.

During the year, two meetings of the committee were held with 100% attendance rate. Individual attendance of member is shown on page 9 in the section "Board of directors".

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE *(Continued)*

The work performed by the remuneration committee during the year included the following:

- Recommended percentage of salary increment for all executive directors and senior management of the company;
- Recommended directors' fee increment for all non-executive directors of the company;
- Endorsed the double-pay/bonus paid to the co-founder directors; and
- Reviewed and suggested calculation basis of discretionary payment upon the retirement by old age of the co-founder directors.

NOMINATION OF DIRECTORS

No nomination committee has been set up, and hence the nomination and selection processes are performed by the board.

New appointment of directors is first considered by any one of the directors. His/her recommendations are then put to the board for decision. Thereafter, all newly appointed directors are subject to election by shareholders at the annual general meeting in their first year of appointment.

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

In considering the new appointment or re-appointment of directors, the board will base its decision on criteria such as integrity, independence, experience, skill and the ability to commit time and effort to carry out his/her duties and responsibilities, etc.

During the year, the issue of rotation of directors is considered in one of the regular board meetings with 100% attendance rate. Attendance of individual member is shown on page 9 in the section "Board of directors". The board reviewed the adequacy of the size and composition of the board and conducted an annual review of the independence of the independent non-executive directors. The board received the independence confirmation from all independent non-executive directors.

AUDITORS' REMUNERATION

An analysis of remuneration in respect of audit and non-audit services, which included taxation, review of interim accounts and advisory services, provided by the auditors and its common control entity during the year ended 31 March 2009 is as follows:

| | <i>HK\$</i> |
|--|----------------|
| Audit fee | 133,000 |
| Other non-audit services | |
| Taxation services | 24,000 |
| Interim review | 26,000 |
| Other advisory services | 28,000 |
| | 78,000 |
| Other non-audit professional services provided by affiliated company | 68,444 |
| Total | 279,444 |

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The audit committee currently consists of three independent non-executive directors and one non-executive director. The chairman of the audit committee is Dr. Loke Yu alias Loke Hoi Lam and the committee members are Mr. Ng Chi Yeung, Simon, Mr. Ng Tai Yin Victor, and Ms. Chan Suit Fei, Esther. The terms of reference of the audit committee align with the Code Provisions of the Code.

During the year, two meetings were held with 100% attendance rate. Attendance of individual member is shown on page 9 in the section “Board of directors”.

The work performed by the audit committee during the year included the following:

- Review of and discussion with the management the accounting principles and practices adopted by the group and other financial reporting matters;
- Review of the annual report and interim report for the completeness, accuracy and truth and fairness of the financial statements of the group;
- Review of the results of external audit and discussion with the external auditors on any significant audit findings and issues; and
- Discussion of the effectiveness of the system of internal controls of the group.

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. Regarding the new role of the audit committee required by the revised Listing Rules to oversee the management’s review of adequacy of staffing of the financial and reporting function which came into effect on 1 January 2009, the audit committee will review the adequacy of resources, qualifications and experience of staff of the Company’s accounting and financial reporting function, and their training programs and budget in the next audit committee’s meeting.

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 2009.

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.

An analysis of the group's performance for the year by business segments is set out in note 5 to the financial statements.

FINANCIAL STATEMENTS

The results of the group for the year ended 31 March 2009 and the state of affairs of the company and of the group at that date are set out in the financial statements on pages 20 to 51.

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\$0.10 per share on 40,000,000 shares in issue totaling HK\$4,000,000 be payable in respect of the year ended 31 March 2009.

NON-CURRENT ASSETS

The movements in property, plant and equipment and investment properties during the year are set out in notes 12 and 13 to the financial statements respectively.

BANK BORROWINGS

An analysis of the group's bank borrowings is set out in note 20 to the financial statements.

RESERVES

The movements in reserves of the group and the company during the year are set out in note 24 to the financial statements.

SUBSIDIARIES

The particulars of the subsidiaries of the company as at 31 March 2009 are set out in note 16 to the financial statements.

DIRECTORS' REPORT

DIRECTORS

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

Executive directors:

Ng See Wah
Soo Cho Ling
Ng Tai Wai

Non-executive directors:

So Kwok Leung
Ng Tai Yin Victor

Independent non-executive directors:

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

In accordance with articles 110 and 111 of the company's articles of association, Mr. Ng See Wah, Mr. Soo Cho Ling and Dr. Loke Yu alias Loke Hoi Lam retire by rotation and, being eligible, offer themselves for re-election.

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

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2009, 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 ("Stock Exchange") 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

| | Number of shares held | | | | Total |
|---|-----------------------|------------------|---------------------|-----------------|------------|
| | Personal interests | Family interests | Corporate interests | Other interests | |
| Executive directors: | | | | | |
| Ng See Wah | 7,941,423 | 910,000 | 3,370,500* | — | 12,221,923 |
| Soo Cho Ling | 5,008,423 | 250,000 | — | — | 5,258,423 |
| Ng Tai Wai | 3,899,077 | — | 3,370,500* | — | 7,269,577 |
| Non-executive directors: | | | | | |
| So Kwok Leung | 5,961,077 | — | — | — | 5,961,077 |
| Ng Tai Yin Victor | 1,886,000 | — | — | — | 1,886,000 |
| Independent non-executive directors: | | | | | |
| Loke Yu alias Loke Hoi Lam | — | — | — | — | — |
| Ng Chi Yeung, Simon | — | — | — | — | — |
| Chan Suit Fei, Esther | — | — | — | — | — |

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

Save as disclosed above and other than certain nominee shares in subsidiaries held by the directors in trust for the company, 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.

DIRECTORS' INTERESTS IN CONTRACTS

None of the directors had any direct or indirect interest in significant contracts with the company or its subsidiaries during or at the end of the year.

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.

DIRECTORS' REPORT

MANAGEMENT CONTRACTS

None of the directors proposed for re-election at the forthcoming annual general meeting has any unexpired service contract with the company which is not determinable 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.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2009, no person, other than certain directors of the company, had notifiable interest or short position in the shares or underlying shares of the company as recorded in the register maintained pursuant to section 336 of the SFO.

SHARE PURCHASE, SALE OR REDEMPTION

Neither the company nor any of its subsidiaries purchased, sold or redeemed any of the company's issued shares during the year under review.

MAJOR CUSTOMERS AND SUPPLIERS

In relation to the group's property leasing business, the percentages of gross rental income for the year ended 31 March 2009 attributable to the largest tenant and the five largest tenants in aggregate were 30% and 66% respectively.

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

The group had no significant purchases during the year.

RETIREMENT SCHEME

Particulars of the retirement scheme are set out in note 4.16 to the 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.

DIRECTORS' REPORT

CHARITABLE DONATIONS

During the year, the Group made charitable donations amounting to HK\$50,000.

AUDITORS

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

On behalf of the board

Ng See Wah
Chairman

Hong Kong, 20 July 2009

INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report to the Shareholders of

WINFAIR INVESTMENT COMPANY LIMITED *(Incorporated in Hong Kong with limited liability)*

We have audited the consolidated financial statements of Winfair Investment Company Limited and its subsidiaries set out on pages 20 to 51, which comprise the consolidated and company balance sheets as at 31 March 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 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 the report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 March 2009 and of the group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Wong Brothers & Co.
Certified Public Accountants

Hong Kong, 20 July 2009

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

| | Notes | 2009 HK\$ | 2008 HK\$ |
|--|-------|---------------------|--------------|
| Turnover | 6 | 109,005,441 | 26,902,620 |
| Cost of sales | | | |
| Carrying amount of trading securities sold | | (17,617,161) | (10,445,478) |
| Cost of property units | | (63,790,864) | — |
| | | (81,408,025) | (10,445,478) |
| Gross profit | | 27,597,416 | 16,457,142 |
| Other revenue | | 669,416 | 934,267 |
| Administrative and general expenses | | (6,645,589) | (5,341,460) |
| Gain on disposal of available-for-sale financial assets | | — | 18,932,549 |
| Gain on disposal of land interests | | — | 923,582 |
| Decrease in fair value of trading securities | | (5,242,649) | (712,311) |
| Provision for impairment loss on properties held for or under development (charged)/reversed | | (320,000) | 200,000 |
| Impairment loss on available-for-sale financial assets | | (8,000,000) | — |
| Fair value (loss)/gain on investment properties | | (2,970,000) | 18,720,000 |
| Finance cost | | (41,801) | (995,676) |
| Profit before taxation | 7 | 5,046,793 | 49,118,093 |
| Taxation | 10 | (1,248,424) | (3,446,535) |
| Profit after taxation attributable to the equity holders of parent | | 3,798,369 | 45,671,558 |
| Earnings per share | 11 | 0.095 | 1.14 |

CONSOLIDATED BALANCE SHEET

As at 31 March 2009

| | Notes | 2009 | | 2008 | |
|--|-------|------|--------------------|------|---------------------|
| | | HK\$ | HK\$ | HK\$ | HK\$ |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 12 | | 921,764 | | 973,019 |
| Investment properties | 13 | | 143,300,000 | | 146,270,000 |
| Leasehold land | 14 | | 1,499,312 | | 1,536,795 |
| Properties held for or under development | 15 | | 9,100,000 | | 9,400,000 |
| Available-for-sale financial assets — equity shares listed in Hong Kong | | | 67,644,149 | | 98,888,304 |
| | | | 222,465,225 | | 257,068,118 |
| Current assets | | | | | |
| Trading securities — equity shares listed in Hong Kong | | | 28,636,713 | | 12,234,895 |
| Stock of property units | | | — | | 63,790,864 |
| Trade and other receivables | 17 | | 3,820,198 | | 1,230,523 |
| Tax recoverable | | | 50,116 | | — |
| Cash and bank balances | 18 | | 59,610,584 | | 43,193,541 |
| | | | 92,117,611 | | 120,449,823 |
| Current liabilities | | | | | |
| Trade and other payables | 19 | | 3,774,648 | | 12,542,054 |
| Tax payable | | | 1,818,492 | | 313,819 |
| Bank borrowings — secured | 20 | | — | | 19,600,000 |
| Provision for long service payments | 21 | | 1,737,800 | | 1,717,600 |
| | | | (7,330,940) | | (34,173,473) |
| Net current assets | | | 84,786,671 | | 86,276,350 |
| Total assets less current liabilities | | | 307,251,896 | | 343,344,468 |
| Non-current liabilities | | | | | |
| Provision for long service payments | 21 | | 466,000 | | 315,000 |
| Deferred taxation | 22 | | 9,212,946 | | 10,872,787 |
| | | | (9,678,946) | | (11,187,787) |
| NET ASSETS | | | 297,572,950 | | 332,156,681 |
| CAPITAL AND RESERVES | | | | | |
| Share capital | 23 | | 40,000,000 | | 40,000,000 |
| Reserves | 24 | | 253,572,950 | | 284,156,681 |
| Proposed dividend | | | 4,000,000 | | 8,000,000 |
| | | | 297,572,950 | | 332,156,681 |

Approved by the board of directors on 20 July 2009

Ng See Wah
Director

Soo Cho Ling
Director

BALANCE SHEET

As at 31 March 2009

| | Notes | 2009 | | 2008 | |
|--|-------|------|--------------------|-------------|-------------|
| | | HK\$ | HK\$ | HK\$ | HK\$ |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 12 | | 13,918 | | 15,465 |
| Investment properties | 13 | | 2,600,000 | | 2,400,000 |
| Interests in subsidiaries | 16 | | 93,091,833 | | 130,818,727 |
| | | | 95,705,751 | | 133,234,192 |
| Current assets | | | | | |
| Trading securities — equity shares listed in Hong Kong | | | 28,636,713 | | 12,234,895 |
| Trade and other receivables | 17 | | 639,337 | | 143,914 |
| Cash and bank balances | 18 | | 59,284,732 | 88,560,782 | 42,669,835 |
| | | | | | 55,048,644 |
| Current liabilities | | | | | |
| Trade and other payables | 19 | | 1,057,590 | | 1,554,552 |
| Provision for long service payments | 21 | | 780,000 | (1,837,590) | 780,000 |
| | | | | | (2,334,552) |
| Net current assets | | | 86,723,192 | | 52,714,092 |
| Total assets less current liabilities | | | 182,428,943 | | 185,948,284 |
| Non-current liabilities | | | | | |
| Provision for long service payments | 21 | | (210,000) | | (122,000) |
| NET ASSETS | | | 182,218,943 | | 185,826,284 |
| CAPITAL AND RESERVES | | | | | |
| Share capital | 23 | | 40,000,000 | | 40,000,000 |
| Reserves | 24 | | 138,218,943 | | 137,826,284 |
| Proposed dividend | | | 4,000,000 | | 8,000,000 |
| | | | 182,218,943 | | 185,826,284 |

Approved by the board of directors on 20 July 2009

Ng See Wah
Director

Soo Cho Ling
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2009

| | 2009 HK\$ | 2008 HK\$ |
|---|---------------------|--------------|
| At the beginning of the year | 332,156,681 | 293,318,782 |
| (Decrease)/increase in fair value of available-for-sale financial assets recognized in equity | (38,370,603) | 6,210,464 |
| Transfer to income statement upon disposal of available-for-sale financial assets | — | (8,244,123) |
| Impairment loss on available-for-sale financial assets recognized in income statement | 8,000,000 | — |
| Net profit for the year | 3,798,369 | 45,671,558 |
| Dividends paid | (8,800,000) | (4,800,000) |
| Unclaimed dividends forfeited | 788,503 | — |
| At the end of the year | 297,572,950 | 332,156,681 |

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2009

| | 2009 HK\$ | 2008 HK\$ |
|--|---------------------|--------------------|
| Operating activities | | |
| Profit before taxation | 5,046,793 | 49,118,093 |
| Adjustments for: | | |
| Gain on disposal of available-for-sale financial assets | — | (18,932,549) |
| Provision for impairment loss on properties held for or under development charged/(reversed) | 320,000 | (200,000) |
| Fair value loss on trading securities | 5,242,649 | 712,311 |
| Fair value loss/(gain) on investment properties | 2,970,000 | (18,720,000) |
| Holding loss/(gain) on trading securities realized | 69,318 | (71,482) |
| Impairment loss on available-for-sale financial assets | 8,000,000 | — |
| Interest income | (624,506) | (908,843) |
| Interest expense | 41,801 | 995,676 |
| Provision for long service payments charged/(reversed) | 171,200 | (90,000) |
| Amortization of leasehold land | 37,483 | 37,483 |
| Depreciation | 51,255 | 53,295 |
| Loss on disposal of property, plant and equipment | — | 1,083 |
| Operating profit before working capital changes | 21,325,993 | 11,995,067 |
| Increase in trading securities | (21,713,785) | (1,791,044) |
| Decrease in stock of property units | 63,790,864 | — |
| Decrease in stock of land interests | — | 279,890 |
| (Increase)/decrease in trade and other receivables | (2,589,675) | 127,469 |
| (Decrease)/increase in trade and other payables | (7,978,903) | 7,804,682 |
| Cash generated from operations | 52,834,494 | 18,416,064 |
| Profits tax paid | (1,453,708) | (864,019) |
| Net cash generated from operating activities | 51,380,786 | 17,552,045 |
| Investing activities | | |
| Purchase of property, plant and equipment | — | (2,178) |
| Increase in properties held for or under development | (20,000) | — |
| Purchase of available-for-sale financial assets | (7,126,448) | (10,620,346) |
| Proceeds from disposal of available-for-sale financial assets | — | 31,422,740 |
| Interest received | 624,506 | 908,843 |
| Net cash (used in)/generated from investing activities | (6,521,942) | 21,709,059 |
| Financing activities | | |
| Repayment of bank borrowings | (19,600,000) | (2,800,000) |
| Dividends paid | (8,800,000) | (4,800,000) |
| Interest paid | (41,801) | (995,676) |
| Net cash used in financing activities | (28,441,801) | (8,595,676) |
| Net increase in cash and cash equivalents | 16,417,043 | 30,665,428 |
| Cash and cash equivalents at beginning of year | 43,193,541 | 12,528,113 |
| Cash and cash equivalents at end of year, representing cash and bank balances | 59,610,584 | 43,193,541 |

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2009

1. GENERAL INFORMATION

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

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

2. BASIS OF PREPARATION

The financial statements have been prepared on the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, trading securities, and in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which includes Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and comply with the applicable disclosure requirements under the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3. ADOPTION OF NEW AND REVISED HKFRSs

During the year, the group has adopted the new amendments and interpretations of HKFRSs and HKASs which are relevant to its operations. The group has assessed the impact of the adoption of these amendments and interpretations and considered that there was no significant impact on the group's results and financial position nor any substantial changes in the group's accounting policies.

Standards, amendments and interpretations not effective

Certain new standards, interpretations, improvements and amendments to existing standards have been published which are relevant to the group's operations and financial statements and are mandatory for the group's accounting periods beginning on or after 1 April 2009 or later periods as follows:

| | | Effective for accounting periods beginning on or after |
|------------------------------------|--|---|
| HKAS 1 (Revised) | Presentation of Financial Statements | 1 January 2009 |
| HKAS 27 (Revised) | Consolidated and Separate Financial Statements | 1 July 2009 |
| HKAS 32 and HKAS 1 (Amendments) | Financial Instruments: Presentation | 1 January 2009 |
| HKFRS 3 (Revised) | Business Combinations | 1 July 2009 |
| HKFRS 7 (Amendments) | Improving Disclosure about Financial Instruments | 1 January 2009 |
| HKFRS 8 | Operating Segments | 1 January 2009 |
| HKFRSs (Amendments) | Improvements to HKFRSs | 1 January 2009, 1 July 2009 and 1 January 2010 |

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2009

3. ADOPTION OF NEW AND REVISED HKFRSs (Continued)

The group has not early adopt any new or revised standard, amendment or interpretation that is not effective for the current accounting year.

The group is in the process of making an assessment of the impact of these new standards, interpretations, improvements and amendments to standards and is not yet in a position to state whether they would have a significant impact on the group's results and financial position.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of consolidation

The consolidated financial statements include the financial statements of the company and all subsidiaries made up to 31 March 2009. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective date of acquisition or disposal respectively.

All significant intra-group transactions and balances have been eliminated on consolidation.

4.2 Subsidiaries

A subsidiary is a company in which the company, directly or indirectly, controls more than half of the voting power or issued share capital or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities. Investments in subsidiaries are carried at cost less impairment loss where appropriate.

4.3 Property, plant and equipment

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

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

| | |
|-----------------------------------|-------------------------------|
| Leasehold buildings | — 2.5% straight-line basis |
| Leasehold improvement | — 10% reducing balance method |
| Furniture, fixtures and equipment | — 10% reducing balance method |

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2009

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.4 Investment properties

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

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

4.5 Leasehold land

Leasehold land represents the up-front payments to acquire long-term interests in lessee occupied properties. The land is stated at cost less amortization and impairment loss, if any. Amortization is calculated on the cost of the land over the term of the lease on a straight-line basis.

4.6 Properties held for or under development

Properties held for or under development are stated at cost less impairment losses where appropriate. Cost comprises land cost, development costs and other direct costs incurred during the development period.

4.7 Impairment of assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognized no longer exists or may have decreased:

- Investments in subsidiaries
- Property, plant and equipment
- Leasehold land
- Properties held for or under development

If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its net selling price and value in use. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

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

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2009

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.8 Other investments in equity securities

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

– **Trading securities**

Trading securities are held by the group for short-term or designated as such upon acquisition, except those do not have a quoted market price in an active market and whose fair value cannot be reliably measured. They are carried in the balance sheet at fair value and changes therein are recognized in the income statement. When the share investments are sold, the gain or loss representing the difference between the net disposal proceeds and the carrying amount of the share investments is recognized in the income statement in the period of disposal. The net gain or loss recognized in the income statement does not include any dividends earned on these investments as they are recognized in accordance with the policies set out in note 4.17.

– **Available-for-sale financial assets**

Available-for-sale financial assets are share investments, other than investments in subsidiaries, held for long-term or designated as such on initial acquisition. They are initially measured at fair value plus transaction costs, and thereafter at each balance sheet date the fair value is re-measured. Changes in the fair value are recognized in the equity. When the share investments are sold, the cumulative gain or loss previously recognized in equity is recognized in the income statement in the period of disposal.

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

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

4.9 Stock of property units

Stock of property units developed by the group is stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price, based on prevailing market conditions, less estimated selling expenses.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2009

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.10 Trade and other receivables

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

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

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

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

4.11 Interest-bearing bank borrowings

Interest-bearing bank borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing bank borrowings are stated at amortized cost with any difference between the amount initially recognized and the redemption value being recognized in the income statement over the period of the bank borrowings using the effective interest method.

4.12 Trade and other payables

Trade and other payables are initially recognized at fair value. Except for financial guarantee liabilities measured in accordance with note 4.13, trade and other payables are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

4.13 Financial guarantees issued

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

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

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2009

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

4.14 Taxation

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

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

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. It is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

4.15 Provisions and contingent liabilities

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

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

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2009

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.16 Employee benefits

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

The group operates a mandatory provident fund scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all eligible employees. The scheme is a defined contribution scheme administered by independent trustees. Under the scheme, the employer and employees are required to make contributions to the scheme at 5% of the employees' relevant income, subject to a maximum of monthly contribution of HK\$1,000. Contributions to the scheme vest immediately and are recognized as an expense in the income statement as incurred.

4.17 Revenue recognition

Sales of trading securities are recognized on trade date basis.

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

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

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

4.18 Cash and cash equivalents

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

4.19 Related parties

The parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

Key management personnel also classified as related parties are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, including any director (whether executive or otherwise) of the company.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2009

5. SEGMENT INFORMATION

Business segments

For management purposes, the group identifies three principal business segments: securities investments, property leasing and property development. These segments are the basis on which the group reports its primary segment information.

Principal activities of each segment are as follows:

| | |
|------------------------|---|
| Securities investments | – securities investments for short-term and long-term |
| Property leasing | – letting of properties |
| Property development | – developing properties |

Segment information about these businesses is presented below:

| | Securities investments | | Property leasing | | Property development | | Consolidated total | |
|--|------------------------|--------------|------------------|--------------|----------------------|--------------|--------------------|--------------|
| | 2009 HK\$ | 2008 HK\$ | 2009 HK\$ | 2008 HK\$ | 2009 HK\$ | 2008 HK\$ | 2009 HK\$ | 2008 HK\$ |
| INCOME STATEMENT | | | | | | | | |
| Segment revenue | 22,594,588 | 15,566,691 | 11,410,853 | 11,335,929 | 75,000,000 | – | 109,005,441 | 26,902,620 |
| Segment results | (1,864,054) | 3,103,549 | 8,143,287 | 8,432,388 | 10,319,466 | (383,610) | 16,598,699 | 11,152,327 |
| Gain on disposal of available-for-sale financial assets | – | 18,932,549 | – | – | – | – | – | 18,932,549 |
| Gain on disposal of land interests | – | – | – | – | – | 923,582 | – | 923,582 |
| Provision for impairment loss on properties held for or under development (charged)/reversed | – | – | – | – | (320,000) | 200,000 | (320,000) | 200,000 |
| Fair value (loss)/gain on investment properties | – | – | (2,970,000) | 18,720,000 | – | – | (2,970,000) | 18,720,000 |
| Impairment loss on available-for-sale financial assets | (8,000,000) | – | – | – | – | – | (8,000,000) | – |
| Results before interest, tax and corporate expenses | (9,864,054) | 22,036,098 | 5,173,287 | 27,152,388 | 9,999,466 | 739,972 | 5,308,699 | 49,928,458 |
| Interest income | | | | | | | 624,506 | 908,843 |
| Interest expenses | | | | | | | (41,801) | (995,676) |
| Unallocated corporate expenses | | | | | | | (844,611) | (723,532) |
| Profit before taxation | | | | | | | 5,046,793 | 49,118,093 |
| Taxation | | | | | | | (1,248,424) | (3,446,535) |
| Profit after taxation | | | | | | | 3,798,369 | 45,671,558 |

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2009

5. SEGMENT INFORMATION (Continued)

Business segments (Continued)

| | Securities investments | | Property leasing | | Property development | | Consolidated total | |
|--|------------------------|--------------------|--------------------|--------------------|----------------------|-------------------|--------------------|--------------------|
| | 2009 HK\$ | 2008 HK\$ | 2009 HK\$ | 2008 HK\$ | 2009 HK\$ | 2008 HK\$ | 2009 HK\$ | 2008 HK\$ |
| BALANCE SHEET | | | | | | | | |
| Assets: | | | | | | | | |
| Segment assets | 157,783,271 | 152,882,758 | 147,462,148 | 151,194,189 | 9,167,219 | 73,320,855 | 314,412,638 | 377,397,802 |
| Tax recoverable | – | – | 50,116 | – | – | – | 50,116 | – |
| Unallocated corporate assets | | | | | | | 120,082 | 120,139 |
| | 157,783,271 | 152,882,758 | 147,512,264 | 151,194,189 | 9,167,219 | 73,320,855 | 314,582,836 | 377,517,941 |
| Liabilities: | | | | | | | | |
| Segment liabilities | 1,175,532 | 1,008,087 | 3,954,744 | 3,796,498 | 163,382 | 8,520,957 | 5,293,658 | 13,325,542 |
| Tax payable and deferred taxation | – | – | 9,326,670 | 11,186,606 | 1,704,768 | – | 11,031,438 | 11,186,606 |
| Bank loans – secured | – | – | – | 19,600,000 | – | – | – | 19,600,000 |
| Unallocated corporate liabilities | | | | | | | 684,790 | 1,249,112 |
| | 1,175,532 | 1,008,087 | 13,281,414 | 34,583,104 | 1,868,150 | 8,520,957 | 17,009,886 | 45,361,260 |
| OTHER INFORMATION | | | | | | | | |
| Capital expenditure | – | – | – | 2,178 | 20,000 | – | 20,000 | 2,178 |
| Purchase of available-for-sale financial assets | 7,126,448 | 10,620,346 | – | – | – | – | 7,126,448 | 10,620,346 |
| Depreciation | 1,532 | 1,666 | 49,723 | 51,629 | – | – | 51,255 | 53,295 |
| Amortization of leasehold land | – | – | 37,483 | 37,483 | – | – | 37,483 | 37,483 |
| Fair value loss on trading securities | 5,242,649 | 712,311 | – | – | – | – | 5,242,649 | 712,311 |
| Provision for long service payments charged/(reversed) | 52,470 | (31,913) | 118,730 | (58,087) | – | – | 171,200 | (90,000) |

Geographical segments

All the group's operating activities are carried out in Hong Kong and hence no geographical analysis of financial information is provided.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2009

6. TURNOVER

| | The group | |
|--|--------------------|-------------------|
| | 2009 HK\$ | 2008 HK\$ |
| Sales of property units | 75,000,000 | — |
| Sales of trading securities | 18,810,274 | 12,214,536 |
| Gross rental income from investment properties | 11,410,853 | 11,335,929 |
| Dividend income from share investments listed in Hong Kong | 3,784,314 | 3,352,155 |
| | 109,005,441 | 26,902,620 |

7. PROFIT BEFORE TAXATION

| | The group | |
|--|--------------|--------------|
| | 2009 HK\$ | 2008 HK\$ |
| Profit before taxation is stated after charging: | | |
| Auditors' remuneration | | |
| — audit services | | |
| — current year | 133,000 | 135,000 |
| — under-provision in prior year | — | 7,000 |
| — taxation services | 24,000 | 22,000 |
| — other services | 54,000 | 26,000 |
| — other non-audit professional services provided by affiliated company | 68,444 | 64,192 |
| Cost of property units sold | 63,790,864 | — |
| Amortization of leasehold land | 37,483 | 37,483 |
| Depreciation | 51,255 | 53,295 |
| Loss on disposal of property, plant and equipment | — | 1,083 |
| Interest on bank borrowings wholly repayable within five years | 41,801 | 995,676 |
| Direct operating expenses in respect of investment properties | | |
| — that generated rental income | 248,624 | 301,207 |
| — that did not generate rental income | 10,989 | 4,402 |
| | | |
| And after crediting: | | |
| Interest income from bank deposits | 624,506 | 908,843 |

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2009

8. DIRECTORS' REMUNERATION

The remuneration of the directors is as follows:

| | 2009 | | | |
|---------------------------------------|----------------|---|--|------------------|
| | Fees HK\$ | Other emoluments | | Total HK\$ |
| | | Salaries and other benefits HK\$ | Mandatory provident fund contribution HK\$ | |
| Executive directors — | | | | |
| Ng See Wah | 30,000 | 1,039,310 | — | 1,069,310 |
| Soo Cho Ling | 30,000 | 1,039,310 | — | 1,069,310 |
| Ng Tai Wai | 30,000 | 482,898 | 12,000 | 524,898 |
| Non-executive directors — | | | | |
| So Kwok Leung | 70,000 | — | — | 70,000 |
| Ng Tai Yin Victor (i) | 70,000 | — | — | 70,000 |
| Ng Tai Keung (ii) | — | — | — | — |
| Independent non-executive directors — | | | | |
| Loke Yu alias Loke Hoi Lam | 70,000 | — | — | 70,000 |
| Ng Chi Yeung, Simon | 70,000 | — | — | 70,000 |
| Chan Suit Fei, Esther | 70,000 | — | — | 70,000 |
| | 440,000 | 2,561,518 | 12,000 | 3,013,518 |
| | 2008 | | | |
| | | Other emoluments | | |
| | Fees HK\$ | Salaries and other benefits HK\$ | Mandatory provident fund contribution HK\$ | Total HK\$ |
| Executive directors— | | | | |
| Ng See Wah | 30,000 | 989,808 | — | 1,019,808 |
| Soo Cho Ling | 30,000 | 989,808 | — | 1,019,808 |
| Ng Tai Wai | 30,000 | 459,900 | 12,000 | 501,900 |
| Non-executive directors— | | | | |
| So Kwok Leung | 30,000 | — | — | 30,000 |
| Ng Tai Yin Victor (i) | — | — | — | — |
| Ng Tai Keung (ii) | 30,000 | — | — | 30,000 |
| Independent non-executive directors— | | | | |
| Loke Yu alias Loke Hoi Lam | 70,000 | — | — | 70,000 |
| Ng Chi Yeung, Simon | 70,000 | — | — | 70,000 |
| Chan Suit Fei, Esther | 70,000 | — | — | 70,000 |
| | 360,000 | 2,439,516 | 12,000 | 2,811,516 |

Notes:

- (i) Mr. Ng Tai Yin Victor was appointed on 27 March 2008.
(ii) Mr. Ng Tai Keung deceased on 26 February 2008.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2009

9. STAFF COST

| | The group | |
|--|------------------|--------------|
| | 2009 HK\$ | 2008 HK\$ |
| Directors' fee and salaries | 3,001,518 | 2,799,516 |
| Salaries and other benefits | 1,090,828 | 833,028 |
| Mandatory provident fund contribution | 46,184 | 45,360 |
| Provision for long service payments charged/(reversed) | 171,200 | (90,000) |
| | 4,309,730 | 3,587,904 |

Among the five highest paid individuals of the group, three (2008: three) are executive directors whose emoluments are set out in note 8 to the financial statements. The emoluments of the other two (2008: two) individuals are as follows:

| | The group | |
|---------------------------------------|----------------|--------------|
| | 2009 HK\$ | 2008 HK\$ |
| Salaries | 670,610 | 636,808 |
| Mandatory provident fund contribution | 24,000 | 23,944 |
| | 694,610 | 660,752 |

The aggregate emoluments of each employee are within the emolument band ranging from HK\$Nil to HK\$1,000,000.

10. TAXATION

| | The group | |
|---|--------------------|--------------|
| | 2009 HK\$ | 2008 HK\$ |
| Current income tax | | |
| Provision for Hong Kong Profits Tax for current year | 2,775,768 | 942,641 |
| Under-provision for prior year | 132,497 | 430 |
| | 2,908,265 | 943,071 |
| Deferred tax | | |
| Origination and reversal of temporary differences | (842,484) | 2,503,464 |
| Impact of over-claimed allowance in respect of certain investment properties in prior years | (207,938) | — |
| Impact of decrease in tax rate | (609,419) | — |
| Total deferred tax | (1,659,841) | 2,503,464 |
| Total tax expense | 1,248,424 | 3,446,535 |

Provision for Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) on the estimated assessable profit for the year.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2009

10. TAXATION (Continued)

Reconciliation between tax expense and accounting profit at applicable tax rate

| | The group | |
|---|--------------|--------------|
| | 2009 HK\$ | 2008 HK\$ |
| Profit before taxation | 5,046,793 | 49,118,093 |
| Notional tax expense on profit before taxation, calculated at Hong Kong Profits Tax rate of 16.5% (2007: 17.5%) | 832,721 | 8,595,666 |
| Tax effect of non-deductible expenses | 1,384,927 | 80,244 |
| Tax effect of non-taxable revenue | (760,456) | (4,279,997) |
| Tax effect of unused tax losses not recognized | 870,217 | 3,357 |
| Tax effect of unused tax losses and unrecognized deductible temporary differences utilized | (394,462) | (953,807) |
| Tax effect of decrease in tax rate (note (a)) | (609,419) | — |
| Tax effect of over-claimed allowance in respect of certain investment properties in prior years | (207,938) | — |
| Others | 132,834 | 1,072 |
| Tax expense | 1,248,424 | 3,446,535 |

Note (a): During the year, there was a change in the Hong Kong profits tax rate from 17.5% to 16.5% that was effective from 1 April 2008.

11. EARNINGS PER SHARE

The calculation of earnings per share is based on the consolidated profit after tax of HK\$3,798,369 (2008: HK\$45,671,558) and on 40,000,000 shares (2008: 40,000,000 shares) in issue during the year.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2009

12. PROPERTY, PLANT AND EQUIPMENT

| The group | Leasehold buildings HK\$ | Leasehold improvement HK\$ | Furniture, fixtures and equipment HK\$ | Total HK\$ |
|-----------------------------------|--------------------------------|----------------------------------|---|---------------|
| Cost | | | | |
| At 1 April 2007 | 1,315,636 | 570,900 | 181,685 | 2,068,221 |
| Additions | — | — | 2,178 | 2,178 |
| Disposals | — | — | (1,650) | (1,650) |
| At 31 March 2008 and 1 April 2008 | 1,315,636 | 570,900 | 182,213 | 2,068,749 |
| Additions | — | — | — | — |
| Disposals | — | — | — | — |
| At 31 March 2009 | 1,315,636 | 570,900 | 182,213 | 2,068,749 |
| Aggregate depreciation | | | | |
| At 1 April 2007 | 493,363 | 432,140 | 117,499 | 1,043,002 |
| Charge for the year | 32,891 | 13,877 | 6,527 | 53,295 |
| Written back on disposals | — | — | (567) | (567) |
| At 31 March 2008 and 1 April 2008 | 526,254 | 446,017 | 123,459 | 1,095,730 |
| Charge for the year | 32,891 | 12,488 | 5,876 | 51,255 |
| Written back on disposals | — | — | — | — |
| At 31 March 2009 | (559,145) | (458,505) | (129,335) | (1,146,985) |
| Net book value | | | | |
| At 31 March 2009 | 756,491 | 112,395 | 52,878 | 921,764 |
| At 31 March 2008 | 789,382 | 124,883 | 58,754 | 973,019 |

| The company | Furniture, fixtures and equipment | |
|--------------------------------------|--------------------------------------|--------------|
| | 2009 HK\$ | 2008 HK\$ |
| Cost | | |
| At the beginning and end of the year | 40,709 | 40,709 |
| Aggregate depreciation | | |
| At the beginning of the year | 25,244 | 23,526 |
| Provided for the year | 1,547 | 1,718 |
| At the end of the year | (26,791) | (25,244) |
| Net book value | 13,918 | 15,465 |

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2009

13. INVESTMENT PROPERTIES

| | The group | | The company | |
|-----------------------------------|--------------|--------------|--------------|--------------|
| | 2009 HK\$ | 2008 HK\$ | 2009 HK\$ | 2008 HK\$ |
| Fair value | | | | |
| At the beginning of the year | 146,270,000 | 127,550,000 | 2,400,000 | 2,260,000 |
| (Decrease)/increase in fair value | (2,970,000) | 18,720,000 | 200,000 | 140,000 |
| At the end of the year | 143,300,000 | 146,270,000 | 2,600,000 | 2,400,000 |

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

| | The group | | The company | |
|--------------------|--------------|--------------|--------------|--------------|
| | 2009 HK\$ | 2008 HK\$ | 2009 HK\$ | 2008 HK\$ |
| Medium term leases | 130,900,000 | 135,450,000 | 2,600,000 | 2,400,000 |
| Long leases | 12,400,000 | 10,820,000 | — | — |
| | 143,300,000 | 146,270,000 | 2,600,000 | 2,400,000 |

The group's investment properties were revalued on 31 March 2009 by RHL Appraisal Limited, an independent firm of professional surveyors, on an open market value basis.

As at 31 March 2009, no investment properties of the group were pledged to a bank to secure general banking facilities granted to the group (2008: carrying value of HK\$62,600,000).

14. LEASEHOLD LAND

| | The group | |
|--------------------------------------|--------------|--------------|
| | 2009 HK\$ | 2008 HK\$ |
| Cost | | |
| At the beginning and end of the year | 2,443,324 | 2,443,324 |
| Aggregate amortization | | |
| At the beginning of the year | 906,529 | 869,046 |
| Provided for the year | 37,483 | 37,483 |
| At the end of the year | (944,012) | (906,529) |
| Net book value | 1,499,312 | 1,536,795 |

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

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2009

15. PROPERTIES HELD FOR OR UNDER DEVELOPMENT

| | The group | |
|-----------------------------------|--------------|--------------|
| | 2009 HK\$ | 2008 HK\$ |
| Cost at the beginning of the year | 28,674,334 | 28,674,334 |
| Additions | 20,000 | — |
| Cost at the end of the year | 28,694,334 | 28,674,334 |
| Provision for impairment loss | (19,594,334) | (19,274,334) |
| | 9,100,000 | 9,400,000 |

The properties held for or under development are situated in Hong Kong and held under medium term leases. Provision for impairment loss is calculated by reference to the open market value of the properties at the balance sheet date as appraised by an independent firm of professional surveyors.

16. INTERESTS IN SUBSIDIARIES

| | The company | |
|-------------------------------------|-----------------------------|-----------------------------|
| | 2009 HK\$ | 2008 HK\$ |
| Unlisted investments at cost | 6,481,102 | 6,481,102 |
| (a) Advances to subsidiaries | | |
| — Interest free | 86,142,789 | 137,679,969 |
| — Interest bearing | 47,768,314 | 29,359,336 |
| Less: Provision for impairment loss | 133,911,103 (20,791,860) | 167,039,305 (23,672,767) |
| | 113,119,243 | 143,366,538 |
| (b) Advances from subsidiaries | | |
| — Interest free | (26,508,512) | (19,028,913) |
| Total | 93,091,833 | 130,818,727 |

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2009

16. INTERESTS IN SUBSIDIARIES (Continued)

Particulars of the subsidiaries at the balance sheet date are as follows:

| Subsidiary | Place of incorporation/ operation | Principal activity | Issued share capital HK\$ | Percentage of holding directly |
|---|--------------------------------------|-------------------------------------|------------------------------|--------------------------------|
| Hing Full Far East Development Limited | Hong Kong | Dormant | 10,000 | 100% |
| Hing Lung Properties Limited | Hong Kong | Property development | 10,000 | 100% |
| Hing Shing Far East Development Limited | Hong Kong | Share investment | 10,000 | 100% |
| Konchoy Limited | Hong Kong | Property investment | 2 | 100% |
| Wang Fung Far East Development Limited | Hong Kong | Property investment/ development | 10,000 | 100% |
| Winful Far East Limited | Hong Kong | Property investment/ development | 100 | 100% |
| Yick Fu Investment Company Limited | Hong Kong | Property investment | 1,800,000 | 100% |
| YLH Limited | Hong Kong | Property investment | 10,000 | 100% |

Advances among group companies are unsecured and carry no fixed term of repayment. Interest is charged on interest bearing advances at 2% per annum.

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

| | The company | |
|---|--------------|--------------|
| | 2009 HK\$ | 2008 HK\$ |
| At the beginning of the year | 23,672,767 | 29,966,628 |
| Impairment loss written back for the year | (2,880,907) | (6,293,861) |
| At the end of the year | 20,791,860 | 23,672,767 |

At 31 March 2009, the amounts due from subsidiaries were individually determined to be impaired on the basis of its net assets held by the subsidiaries. The company does not hold any collateral over these balances. Amounts due from subsidiaries that are not impaired are HK\$80,331,571 (2008: HK\$112,598,879).

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2009

17. TRADE AND OTHER RECEIVABLES

| | The group | | The company | |
|----------------------------------|------------------|--------------|----------------|--------------|
| | 2009 HK\$ | 2008 HK\$ | 2009 HK\$ | 2008 HK\$ |
| Rental receivables | 562,554 | 371,039 | — | 4,903 |
| Other receivables | 181,065 | 328,093 | 38,096 | 7,165 |
| Loan and receivables, unimpaired | 743,619 | 699,132 | 38,096 | 12,068 |
| Deposits and prepayments | 3,076,579 | 531,391 | 601,241 | 131,846 |
| | 3,820,198 | 1,230,523 | 639,337 | 143,914 |

The rental and other receivables of the group and the company were current and within normal credit period of 3 months. Further details on the credit policy are set out in note 30(a). The group do not hold any collateral over these balances.

18. CASH AND BANK BALANCES

| | The group | | The company | |
|--------------------------|-------------------|--------------|-------------------|--------------|
| | 2009 HK\$ | 2008 HK\$ | 2009 HK\$ | 2008 HK\$ |
| Time deposits | 40,000,537 | 38,602,692 | 40,000,537 | 38,602,692 |
| Current account and cash | 19,610,047 | 4,590,849 | 19,284,195 | 4,067,143 |
| | 59,610,584 | 43,193,541 | 59,284,732 | 42,669,835 |

The time deposits have a term for 1 month (2008: 1 to 2 weeks) and bear interest at 0.26% to 0.265% (2008: 1.2% to 1.41%) per annum.

19. TRADE AND OTHER PAYABLES

| | The group | | The company | |
|----------------------------------|------------------|--------------|------------------|--------------|
| | 2009 HK\$ | 2008 HK\$ | 2009 HK\$ | 2008 HK\$ |
| Rental deposits received | 2,185,450 | 2,161,350 | 29,000 | 57,000 |
| Deposits received (note (a)) | — | 7,500,000 | — | — |
| Receipts in advance | 38,891 | 33,374 | — | — |
| Construction cost payable | 45,882 | 45,882 | — | — |
| Retention money payables | — | 839,575 | — | — |
| Unclaimed dividends (note 25(a)) | 387,770 | 1,026,914 | 387,770 | 1,026,914 |
| Accrued expenses | 1,116,655 | 934,959 | 640,820 | 470,638 |
| | 3,774,648 | 12,542,054 | 1,057,590 | 1,554,552 |

Note (a): Deposits received represented 10% of consideration of sales on stock of property units which was completed in the current year.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2009

20. BANK BORROWINGS – SECURED

| | The group | |
|---------------------------|--------------|--------------|
| | 2009 HK\$ | 2008 HK\$ |
| Current portion | | |
| Repayable within one year | – | 19,600,000 |

The bank borrowings bear interest at the lower of prime rate less 2.7% or 1% above Hong Kong Interbank Offered Rate per annum.

During the year, the group made an early full repayment of the bank borrowings.

21. PROVISION FOR LONG SERVICE PAYMENTS

| | The group | | The company | |
|---|------------------|--------------|----------------|--------------|
| | 2009 HK\$ | 2008 HK\$ | 2009 HK\$ | 2008 HK\$ |
| At the beginning of the year | 2,032,600 | 2,122,600 | 902,000 | 956,900 |
| Provision/(reversal of provision) for the year | 171,200 | (90,000) | 88,000 | (54,900) |
| At end of the year | 2,203,800 | 2,032,600 | 990,000 | 902,000 |
| Classification in the balance sheet: | | | | |
| Current | 1,737,800 | 1,717,600 | 780,000 | 780,000 |
| Non-current | 466,000 | 315,000 | 210,000 | 122,000 |
| | 2,203,800 | 2,032,600 | 990,000 | 902,000 |

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 balance sheet date, and is calculated in accordance with the provisions of the Employment Ordinance. The employees will only be entitled to the long service payments when the conditions under the Employment Ordinance are met upon termination of employment.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2009

22. DEFERRED TAXATION

The components of deferred tax (assets)/liabilities recognized in the consolidated balance sheet and its movements are as follows:

| Deferred tax arising from: | Property revaluation surplus <i>HK\$</i> | Accelerated depreciation allowances <i>HK\$</i> | Unused tax losses <i>HK\$</i> | Total <i>HK\$</i> |
|-----------------------------------|---|--|-------------------------------------|----------------------|
| At 1 April 2007 | 8,015,462 | 747,754 | (393,893) | 8,369,323 |
| Charged to income statement | 2,297,693 | 131,510 | 74,261 | 2,503,464 |
| At 31 March 2008 and 1 April 2008 | 10,313,155 | 879,264 | (319,632) | 10,872,787 |
| Credited to income statement | (917,512) | (132,910) | — | (1,050,422) |
| Effect of change in tax rate | (571,262) | (38,157) | — | (609,419) |
| At 31 March 2009 | 8,824,381 | 708,197 | (319,632) | 9,212,946 |

There was no material deferred tax liability to be recognized and accounted for by the company at the balance sheet date.

Deferred tax assets unrecognized

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

| | The group | | The company | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 2009 <i>HK\$</i> | 2008 <i>HK\$</i> | 2009 <i>HK\$</i> | 2008 <i>HK\$</i> |
| Unused tax losses | 10,390,010 | 5,314,870 | 10,384,465 | 5,314,870 |
| Deductible temporary difference in respect of deficit on revaluation of investment properties | 5,675,553 | 8,066,232 | — | — |
| | 16,065,563 | 13,381,102 | 10,384,465 | 5,314,870 |

23. SHARE CAPITAL

| | 2009 | | 2008 | |
|-------------------------------|------------------|-----------------------|------------------|-----------------------|
| | No. of shares | Amount <i>HK\$</i> | No. of shares | Amount <i>HK\$</i> |
| Authorized | | | | |
| Ordinary shares of HK\$1 each | 60,000,000 | 60,000,000 | 60,000,000 | 60,000,000 |
| Issued and fully paid | | | | |
| Ordinary shares of HK\$1 each | 40,000,000 | 40,000,000 | 40,000,000 | 40,000,000 |

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2009

24. RESERVES

| The group | Notes | Capital reserve HK\$ | Retained profits HK\$ | Total HK\$ |
|--|-------|----------------------------|-----------------------------|---------------|
| At 1 April 2007 | | 251,046 | 249,067,736 | 249,318,782 |
| Net profit for the year | | — | 45,671,558 | 45,671,558 |
| Increase in fair value of available-for-sale financial assets | | — | 6,210,464 | 6,210,464 |
| Transfer to income statement upon disposal of available-for-sale financial assets | | — | (8,244,123) | (8,244,123) |
| Dividends | 25 | — | (8,800,000) | (8,800,000) |
| At 31 March 2008 and 1 April 2008 | | 251,046 | 283,905,635 | 284,156,681 |
| Net profit for the year | | — | 3,798,369 | 3,798,369 |
| Decrease in fair value of available-for-sale financial assets | | — | (38,370,603) | (38,370,603) |
| Impairment loss on available-for-sale financial assets recognized in income statement | | — | 8,000,000 | 8,000,000 |
| Dividends | 25 | — | (4,800,000) | (4,800,000) |
| Unclaimed dividend forfeited | 25 | — | 788,503 | 788,503 |
| At 31 March 2009 | | 251,046 | 253,321,904 | 253,572,950 |

| The company | Notes | Retained profits | |
|------------------------------|-------|--------------------|--------------|
| | | 2009 HK\$ | 2008 HK\$ |
| At the beginning of the year | | 137,826,284 | 132,995,345 |
| Net profit for the year | 26 | 4,404,156 | 13,630,939 |
| Dividends | 25 | (4,800,000) | (8,800,000) |
| Unclaimed dividend forfeited | 25 | 788,503 | — |
| At the end of the year | | 138,218,943 | 137,826,284 |

Distributable reserves of the company at the balance sheet date, calculated under section 79B of the Hong Kong Companies Ordinance amounted to HK\$142,218,943 (2008: HK\$145,826,284).

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2009

25. DIVIDENDS

| | 2009 HK\$ | 2008 HK\$ |
|---|------------------|--------------|
| Dividends attributable to the year — | | |
| Interim dividend at HK\$0.02 (2008: HK\$0.02) per share paid during the year | 800,000 | 800,000 |
| Final dividend at HK\$0.10 (2008: HK\$0.10) per share proposed after the balance sheet date | 4,000,000 | 4,000,000 |
| No special dividend (2008: HK\$0.10 per share) proposed after the balance sheet date | — | 4,000,000 |
| | 4,800,000 | 8,800,000 |
| Unclaimed dividend forfeited (<i>note (a)</i>) | (788,503) | — |
| | 4,011,497 | 8,800,000 |

Note (a): Pursuant to Article 145 of the Articles of Association of the company, on 25 March 2009, the board of directors resolved that the dividends for the financial years 1980/81 to 2002/03 payable on or before 17 January 2003 and unclaimed on 25 March 2009 in the total amount of HK\$788,503 be forfeited and recognized in the equity.

Note (b): The final dividend declared after the balance sheet date have not been recognized as a liability at the balance sheet date.

26. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

| | The company | |
|---|--------------|--------------|
| | 2009 HK\$ | 2008 HK\$ |
| Profit attributable to the shareholders and dealt with in the financial statements of the company, including dividend income from subsidiaries of HK\$5,400,000 (2008: HK\$5,400,000) | 4,404,156 | 13,630,939 |

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2009

27. OPERATING LEASE ARRANGEMENTS

At the balance sheet date, the total future minimum lease receipts under non-cancellable operating leases for the following periods were:

| | The group | | The company | |
|---|-------------------|-------------------|---------------|----------------|
| | 2009 HK\$ | 2008 HK\$ | 2009 HK\$ | 2008 HK\$ |
| Not later than one year | 8,493,213 | 9,886,453 | 22,500 | 222,000 |
| Later than one year and not later than five years | 3,711,801 | 7,987,572 | — | 49,750 |
| | 12,205,014 | 17,874,025 | 22,500 | 271,750 |

The operating leases normally run from one to three years.

28. FINANCIAL GUARANTEES

Corporate guarantee given in favour of a bank for bank loan granted to a subsidiary:

| | The company | |
|--------------------------------------|--------------|--------------|
| | 2009 HK\$ | 2008 HK\$ |
| Guaranteed amount | — | 28,000,000 |
| Outstanding balance of the bank loan | — | 19,600,000 |

29. CAPITAL MANAGEMENT

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2009

30. FINANCIAL INSTRUMENTS

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

(a) Credit risk

The group's maximum exposure to credit risk in relation to financial assets is the carrying amounts of bank balances and trade and other receivables.

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

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

Cash deposits are placed with reputable financial institutions to minimize exposure to credit risk.

(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 requirement. Management believes there is no liquidity risk as the group has sufficient cash reserve for its operations and loan repayment obligation.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2009

30. FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

The following table details the remaining contractual maturities at the balance sheet date of the group's and the company'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 balance sheet date) and the earliest date of the group and the company can be required to pay:

| The group | Carrying amounts HK\$ | Total undiscounted cash flow HK\$ | Within 1 year or on demand HK\$ | More than 1 year but less than 2 years HK\$ | More than 2 years but less than 5 years HK\$ | More than 5 years HK\$ |
|---------------------------|--------------------------|--------------------------------------|------------------------------------|--|---|---------------------------|
| At 31 March 2009 | | | | | | |
| Bank borrowings, secured | — | — | — | — | — | — |
| Rental deposit received | 2,185,450 | 2,185,450 | 2,185,450 | — | — | — |
| Construction cost payable | 45,882 | 45,882 | 45,882 | — | — | — |
| Retention money payables | — | — | — | — | — | — |
| Unclaimed dividends | 387,770 | 387,770 | 387,770 | — | — | — |
| | 2,619,102 | 2,619,102 | 2,619,102 | — | — | — |
| At 31 March 2008 | | | | | | |
| Bank borrowings, secured | 19,600,000 | 19,600,000 | 19,600,000 | — | — | — |
| Rental deposit received | 2,161,350 | 2,161,350 | 2,161,350 | — | — | — |
| Construction cost payable | 45,882 | 45,882 | 45,882 | — | — | — |
| Retention money payables | 839,575 | 839,575 | 839,575 | — | — | — |
| Unclaimed dividends | 1,026,914 | 1,026,914 | 1,026,914 | — | — | — |
| | 23,673,721 | 23,673,721 | 23,673,721 | — | — | — |
| The company | Carrying amounts HK\$ | Total undiscounted cash flow HK\$ | Within 1 year or on demand HK\$ | More than 1 year but less than 2 years HK\$ | More than 2 years but less than 5 years HK\$ | More than 5 years HK\$ |
| At 31 March 2009 | | | | | | |
| Rental deposit received | 29,000 | 29,000 | 29,000 | — | — | — |
| Unclaimed dividends | 387,770 | 387,770 | 387,770 | — | — | — |
| | 416,770 | 416,770 | 416,770 | — | — | — |
| At 31 March 2008 | | | | | | |
| Rental deposit received | 57,000 | 57,000 | 57,000 | — | — | — |
| Unclaimed dividends | 1,026,914 | 1,026,914 | 1,026,914 | — | — | — |
| | 1,083,914 | 1,083,914 | 1,083,914 | — | — | — |

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2009

30. FINANCIAL INSTRUMENTS (Continued)

(c) Cash flow interest rate risk

As the group has its fixed deposit placed with banks at floating interest rates, interest rate risk arises from changes in market interest rates which affects the group's level of interest income. Except for the above surplus funds retained with banks and detailed in note 18 to financial statements, the group has no other significant interest-bearing assets at floating interest rates which affects the group's level of interest income.

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

As at 31 March 2009, the group and the company has no other significant interest-bearing borrowings. The management considers that the risk is limited as the range of interest rates fluctuation is not significant and accordingly, the sensitivity analysis is not presented.

(d) Price risk

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

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

Management monitors the market conditions and securities price fluctuation and response so as to minimize adverse effects on the group's financial performance. At the balance sheet date, the approximate change in the group's profit after taxation and retained profits in response to reasonably possible changes for listed investments in Hong Kong for an increase/decrease in relevant prices of the listed investments of 10% is as the follows:

- profit after taxation for the year would increase/decrease by approximately HK\$2.9 million (2008: HK\$1.2 million) due to increase/decrease in fair value on trading securities.
- total equity would increase/decrease by approximately HK\$2.9 million (2008: 1.2 million) due to increase/decrease in fair value of trading securities.
- total equity would increase/decrease by approximately HK\$6.8 million (2008: 9.9 million) due to increase/decrease in fair value of available-for-sale investments.

The sensitivity analysis has been determined assuming that the reasonably possible changes in the listed shares prices had increased/decreased by 10% with all other variables held constant, in existence at the balance sheet date. The changes represent management's assessment of reasonable possible changes in the relevant stock prices over the period until the next financial year end. The analysis is performed on the same basis for 2008.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2009

30. FINANCIAL INSTRUMENTS *(Continued)*

(e) Fair value estimation

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

The fair value of group's available-for-sale financial assets traded in active market are quoted at market price on balance sheet date.

31. POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, the group has disposed certain listed share investments, at consideration of HK\$7.9 million approximately. The aforesaid investments were classified as available-for-sale financial assets and purchased at cost HK\$2,068,676.

SCHEDULE OF PROPERTIES HELD BY THE GROUP

As at 31 March 2009

(A) PROPERTIES HELD FOR OR UNDER DEVELOPMENT

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

* No significant development progress

(B) PROPERTIES HELD FOR INVESTMENT

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

SCHEDULE OF PROPERTIES HELD BY THE GROUP

As at 31 March 2009

| | Location | Lot No. | Usage | Group's interest | Lease term |
|------|--|---|-----------------------------|------------------|------------|
| (6) | No. 238 Electric Road, North Point, Hong Kong: 4th floor | Sec. C of Inland Lot No. 1618 | Residential | 100% | Medium |
| (7) | No. 96 Bonham Strand, Sheung Wan, Hong Kong | Sec. E. of Inland Lot No. 863 | Residential & Commercial | 100% | Long |
| (8) | No. 92 Bonham Strand, Sheung Wan, Hong Kong: 3rd floor | RP of SS1 of Sec. F of Inland Lot No. 863 | Residential | 100% | Long |
| (9) | Pearl Oriental Tower, No. 225 Nathan Road, Kowloon: 1st floor | Kowloon Inland Lot No. 6397 | Commercial | 100% | Medium |
| (10) | Nos. 4, 6 and 6A, Nam Kok Road, Kowloon: Ground floor and 1st floor | Remaining Portion of New Kowloon Inland Lot Nos. 1822, 1824 and 2183 | Commercial | 100% | Medium |
| (11) | Nos. 8 and 10, Nam Kok Road, Kowloon: Ground floor | Remaining Portion of New Kowloon Inland Lot Nos. 1936, 2278, 2279, 2280 and 2281 | Commercial | 100% | Medium |
| (12) | No. 19, Nam Kok Road, Kowloon: Ground floor | Remaining Portion of New Kowloon Inland Lot Nos. 2394, 2395 and 2678 | Commercial | 100% | Medium |
| (13) | Nos. 21 and 23, Nam Kok Road, Kowloon: Ground floor | Remaining Portion of New Kowloon Inland Lot Nos. 2394, 2395 and 2678 | Commercial | 100% | Medium |

FIVE YEAR FINANCIAL SUMMARY

| | For the year ended 31 March | | | | 2009 |
|--|-----------------------------|------------------|------------------|------------------|----------------|
| | 2005 HK\$'000 | 2006 HK\$'000 | 2007 HK\$'000 | 2008 HK\$'000 | HK\$'000 |
| Consolidated income statement | | | | | |
| Turnover | 27,587 | 20,337 | 18,434 | 26,903 | 109,005 |
| Profit before tax | 21,117 | 34,081 | 24,185 | 49,118 | 5,046 |
| Taxation | (676) | (1,114) | (2,038) | (3,446) | (1,248) |
| Profit for the year | 20,441 | 32,967 | 22,147 | 45,672 | 3,798 |
| Consolidated balance sheet | | | | | |
| Property, plant and equipment ⁽¹⁾ | 120,270 | 1,066 | 1,025 | 973 | 922 |
| Investment properties ⁽¹⁾ | — | 121,445 | 127,550 | 146,270 | 143,300 |
| Properties held for or under development | 51,213 | 9,200 | 9,200 | 9,400 | 9,100 |
| Leasehold land | 1,649 | 1,612 | 1,574 | 1,537 | 1,499 |
| Investment securities ⁽²⁾ | 55,761 | — | — | — | — |
| Other securities ⁽²⁾ | 998 | — | — | — | — |
| Available-for-sale financial assets ⁽²⁾ | — | 76,933 | 102,792 | 98,888 | 67,644 |
| Current assets | 14,516 | 86,262 | 89,041 | 120,450 | 92,118 |
| Current liabilities | (10,043) | (10,399) | (9,471) | (34,173) | (7,331) |
| Non-current liabilities | (32,031) | (29,567) | (28,392) | (11,188) | (9,679) |
| Net assets | 202,333 | 256,552 | 293,319 | 332,157 | 297,573 |

(1) Investment properties were included under "Property, Plant and Equipment" for the year 2005.

(2) Investment and other securities were classified as available-for-sale financial assets starting from 2006.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Members of the company will be held at Tang Room, 3rd Floor, Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong on Tuesday, 1 September 2009 at 9:30 a.m. for the following purposes:

1. To receive and consider the Reports of the Directors and of the Auditors, and the audited financial statements of the company and of the group for the year ended 31 March 2009.
2. To approve a Final Dividend of HK\$0.10 per share as recommended by the Directors.
3. To re-elect Directors and to fix their remuneration.
4. To re-appoint Auditors and to authorise the Board to fix their remuneration.
5. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

“THAT

- (a) subject to paragraph (c), pursuant to Section 57B of the Companies Ordinance, the exercise by the Directors of the company during the Relevant Period of all the powers of the company to allot, issue and deal with additional shares in the capital of the company and to make or grant offers, agreements and options which might require the exercise of such power be and it 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 might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital 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 paragraph (a), otherwise than pursuant to a Rights Issue, shall not exceed 20 percent of the aggregate nominal amount of the share capital 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 Companies Ordinance to be held; and
- (iii) the revocation or variation of the authority hereby expressly given under this Resolution by ordinary resolution of the shareholders in general meeting.

NOTICE OF ANNUAL GENERAL MEETING

“Rights Issue” means an offer of shares 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 law 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, 20 July 2009

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

Notes:

- (1) The Register of Members of the company will be closed from Wednesday, 26 August 2009 to Tuesday, 1 September 2009, both days inclusive, during which period no transfer of shares can be registered. 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 not later than 4:30 p.m. on Tuesday, 25 August 2009.
- (2) A Member entitled to attend and vote at the above meeting is entitled to appoint one or two proxies to attend and, on a poll, vote in his stead. A proxy need not be a Member of the company. In order to be valid, the proxy form must be deposited at the company's registered office at least 48 hours before the time appointed for holding the meeting.
- (3) A Member 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 member 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.
- (4) 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.
- (5) Pursuant to Articles 110 and 111 of the Articles of Association of the company, Mr. Ng See Wah, Mr. Soo Cho Ling and Dr. Loke Yu alias Loke Hoi Lam will retire by rotation from office and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.
- (6) Details of all retiring Directors, their interests in the shares of the company and their remuneration are set out under heading “Directors and Senior Management”, “Directors' Interest in Securities” in the Directors' Report and “Directors' Remuneration” in Note 8 to Financial Statements respectively in the Annual Report 2008/2009.