



**WINFAIR INVESTMENT
COMPANY LIMITED**

(Incorporated in Hong Kong with limited liability)

(Stock Code : 0287)

Annual Report
2006/2007

Contents

	<i>Page</i>
Corporate Information	2
Directors and Senior Management	3-5
Chairman's Statement	6-7
Corporate Governance Report	8-13
Directors' Report	14-18
Independent Auditors' Report	19-20
Consolidated Income Statement	21
Consolidated Balance Sheet	22-23
Balance Sheet	24
Consolidated Statement of Changes in Equity	25
Consolidated Cash Flow Statement	26-27
Notes to Financial Statements	28-57
Schedule of Properties held by the Group	58-60
Five Year Financial Summary	61
Notice of Annual General Meeting	62-64

Corporate Information

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS

Mr. Ng Tai Keung
Mr. So Kwok Leung

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Heng Kwoo Seng (resigned on 2 April 2007)
Dr. Loke Yu alias Loke Hoi Lam
(appointed on 2 April 2007)
Mr. Ng Chi Yeung, Simon
Ms. Chan Suit Fei, Esther

AUDITORS

Wong Brothers & Co.
Certified Public Accountants

SOLICITORS

Allen & Overy
Lo, Wong & Tsui

PRINCIPAL BANKERS

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

COMPANY SECRETARY

Mr. Lam Ping Kwan, Clement
(resigned on 12 July 2006)
Ms. MIMOONA MA (appointed on 12 July 2006)

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 77, 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 Keung and Mr. Ng Tai Wai 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 78, 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 who is also a director of the company.

Mr. Ng Tai Wai, aged 46, 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, chairman 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. Ng Tai Keung, aged 50, was appointed on 28 October 1985 as director of the company. He has solid experience in fund management. He is the son of Mr. Ng See Wah, chairman of the company.

Mr. So Kwok Leung, aged 49, 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, director of the company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Heng Kwoo Seng, aged 59, is the managing partner of Morison Heng, Chartered Accountants and Certified Public Accountants. He is a fellow member of The Institute of Chartered Accountants in England & Wales and a certified public accountant of the Hong Kong Institute of Certified Public Accountants. He is currently the Vice Chairman of The Hong Kong Hainan Commercial Association. He is an independent non-executive directors of various public companies, being Lee & Man Holding Limited, Lee & Man Paper Manufacturing Limited, China Fire Safety Enterprise Group Holdings Limited, Tack Fat Group International Limited, Soundwill Holdings Limited, SIM Technology Group Limited and Minth Group Limited. Mr. Heng is also the company secretary of AEON Stores (Hong Kong) Co., Limited and China Life Insurance Company Limited, which are listed on The Stock Exchange of Hong Kong Limited. He was appointed as independent non-executive director of the company on 1 October 1995 and resigned on 2 April 2007.

Directors and Senior Management

Dr. Loke Yu alias Loke Hoi Lam, aged 57, is the chairman of MHL Consulting Limited and Habamas Limited and has over 30 years' experience in auditing, taxation and corporate management. He is a fellow member of The Institute of Chartered Accountants in England & Wales and The Hong Kong Institute of Directors. He is also a certified public accountant of the Hong Kong Institute of Certified Public Accountants, an associate member of The Hong Kong Institute of Chartered Secretaries and a member of Malaysian Institute of Accountants. 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 currently an independent non-executive director of seven companies listed on The Stock Exchange of Hong Kong Limited namely, Wealthmark International (Holdings) Limited, VODone Limited, Shandong Molong Petroleum Machinery Company Limited, Matrix Holdings Limited, United Metals Holdings Limited, New Chinese Medicine Holdings Limited and China Fire Safety Enterprise Group Holdings Limited. He was appointed as independent non-executive director of the company on 2 April 2007.

Mr. Ng Chi Yeung, Simon, aged 49, 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.

Ms. Chan Suit Fei, Esther, aged 49, 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.

COMPANY SECRETARY

Mr. Lam Ping Kwan, Clement, aged 71, was appointed as the company secretary of the company on 1 October 1994 and resigned on 12 July 2006. He was formerly an Assistant Registrar of the Registrar General's Department in Hong Kong.

Ms. Mimoona Ma, aged 33, is appointed as the company secretary of the company on 12 July 2006. She is also the qualified accountant of the company.

Directors and Senior Management

QUALIFIED ACCOUNTANT

Ms. Mimoona Ma, aged 33, 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 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 2007.

RESULTS AND DIVIDENDS

For the year under review, the turnover of the group decreased by HK\$1,903,488, or 9%, to HK\$18,433,838. The decrease was mainly due to the drop in the sales of share investments for short-term during the year. The group's profit for the year also decreased by HK\$10,820,717, or 33%, to HK\$22,146,950, which was mainly due to the absence of the write-back of provision for impairment loss on properties held for or under development.

In January 2007, an interim dividend of 2 cents per share was paid. The board now recommends a final dividend of 10 cents per share, absorbing a total of HK\$4,000,000. Subject to the approval by the shareholders, such dividend will be payable on 18 September 2007.

REVIEW OF OPERATIONS

Property development

During the year, the group sold the agricultural land located at Lau Fau Shan for a consideration of HK\$10,369,458. The disposal of the land interest generated a profit of HK\$8,087,408. Regarding the Castle Peak Road property project, the group has obtained the relevant occupation permit and the property units of the project are now pending for sale. For certain other development projects, the group is currently negotiating with the Government for the land premium. So far there is no significant progress.

Property investment

The rental income from the property leasing business increased by HK\$467,930, or 4.6% to HK\$10,566,177, while the result (including fair value gain on investment properties) increased by HK\$3,713,343, or 37% to HK\$13,635,382. The improvement in the result was mainly due to the increase in fair value gain on investment properties by HK\$3,810,000. During the year under review, the group's investment property portfolio did not have any significant change whereas its fair value was increased by HK\$6,105,000 or 5%.

Chairman's Statement

Share investments and dividend income

The revenue and result (including gain on disposal of available-for-sale financial assets) of the securities investment business decreased by HK\$2,371,418 (or 23%) and HK\$4,300,410 (or 52%) to HK\$7,867,661 and HK\$3,946,125 respectively. The decrease was mainly due to decrease in sales of both short-term and long-term share investments during the year. On the other hand, the dividend income from share investments increased by HK\$237,471 or 7.7% to HK\$3,315,420 for the year. During the year, the group purchased share investments, for both short-term and long-term purposes, amounting to HK\$15 million approximately. After adjusting the cost to fair value, the group's share investment portfolio had an aggregate fair value of HK\$113,876,488, which was increased by HK\$33,561,513 or 42%.

Liquidity and financial resources

The group's gearing ratio at 31 March 2007 was 7.6% (2006: 10%), which is taken as bank borrowings to total shareholders' equity. The management is confident that the group has sufficient fund to meet its future operating and project development expenditure, and loan repayment obligations.

PROSPECTS

Benefited from the expansion of the scope of the Qualified Domestic Institutional Investors scheme by the Central Government, we believe that the financial centre status of Hong Kong can be further strengthened. Very likely, this would have positive effect on the group's securities investment business. The property market in Hong Kong continues to be benefited from the economic growth which is driven by rising consumer spending in a low interest rate environment. We believe that the steady economic growth will support the demand for commercial and residential properties. The outlook of Hong Kong real estate market is optimistic. The group shall continue to look for investment opportunities with reasonable returns.

APPRECIATION

Taking this opportunity, I would like to extend my deepest gratitude to Mr. Heng Kwo Seng, who resigned as an independent non-executive director on 2 April 2007, for his dedication to the group in the past 10 years. Also, 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, 17 July 2007

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 2007:

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 subsequently. 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;
3. Directors appointed to fill casual vacancy are not subject to election by shareholders at the first general meeting after their appointment. They will hold office until the next annual general meeting in which they are eligible for re-election; and
4. The terms of reference of Audit Committee and Remuneration Committee were not provided on website of the company until 12 July 2007.

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 2007, 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 to 5.

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 97% 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 (i)	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. Ng Tai Keung	4/4	2/2	N/A
Mr. So Kwok Leung	4/4	N/A	N/A
Independent non-executive directors			
Mr. Heng Kwoo Seng (ii) & (iv)	3/4	2/2	2/2
Mr. Ng Chi Yeung, Simon (iii)	4/4	2/2	2/2
Ms. Chan Suit Fei, Esther (vi)	4/4	N/A	2/2
Dr. Loke Yu alias Loke Hoi Lam (v)	N/A	N/A	N/A

(i) Chairman of the Board

(ii) Chairman of Audit Committee

(iii) Chairman of Remuneration Committee

(iv) Resigned as Director, Chairman and Member of Audit Committee and Member of Remuneration Committee on 2 April 2007

(v) Appointed as Director, Chairman and Member of Audit Committee and Member of Remuneration Committee on 2 April 2007

(vi) Appointed as Member of Audit Committee on 2 April 2007

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

(viii) N/A — not applicable

Corporate Governance Report

BOARD OF DIRECTORS *(Continued)*

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.

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 were Mr. Heng Kwoo Seng, Mr. Ng Tai Wai and Ms. Chan Suit Fei, Esther. On 2 April 2007, Mr. Heng resigned and Dr. Loke Yu alias Loke Hoi Lam was appointed as member of the committee.

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;
- Suggested calculation basis of discretionary payment upon the retirement by old age of the co-founder directors;
- Suggested to enter into consultancy agreements with the co-founder directors upon their retirement; and
- Endorsed the double-pay/bonus paid to 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 and new appointment of independent non-executive director are considered in the two 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.

Corporate Governance Report

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 during the year ended 31 March 2007 is as follows:

	<i>HK\$</i>
Audit fee	128,000
Non-audit services	52,000
Total	180,000

AUDIT COMMITTEE

The chairman of the audit committee was Mr. Heng Kwoo Seng and the committee members are Mr. Ng Tai Keung and Mr. Ng Chi Yeung, Simon. On 2 April 2007, Mr. Heng resigned and Dr. Loke Yu alias Loke Hoi Lam was appointed as the chairman and member of the committee. On the same day, Ms. Chan Suit Fei, Esther was appointed as member of the committee. The audit committee currently consists of three independent non-executive directors and one non-executive director. The terms of reference of the audit committee align with the Code Provisions of the Code.

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;
- Discussion of the effectiveness of the system of internal controls of the group.

Corporate Governance Report

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.

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 2007.

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 6 to the financial statements.

FINANCIAL STATEMENTS

The results of the group for the year ended 31 March 2007 and the state of affairs of the company and of the group at that date are set out in the financial statements on pages 21 to 57.

DIVIDENDS

An interim dividend of HK\$0.02 per share totalling 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 totalling HK\$4,000,000 be payable in respect of the year ended 31 March 2007.

NON-CURRENT ASSETS

The movements in property, plant and equipment and investment properties during the year are set out in notes 13 and 14 to the financial statements respectively.

BANK BORROWINGS

An analysis of the group's bank borrowings is set out in note 21 to the financial statements.

RESERVES

The movements in reserves of the group and the company during the year are set out in note 25 to the financial statements.

Directors' Report

SUBSIDIARIES

The particulars of the subsidiaries of the company as at 31 March 2007 are set out in note 17 to the financial statements.

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:

Ng Tai Keung

So Kwok Leung

Independent non-executive directors:

Heng Kwo Seng (resigned on 2 April 2007)

Loke Yu alias Loke Hoi Lam (appointed on 2 April 2007)

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 Ms. Chan Suit Fei, Esther retire by rotation and, being eligible, offer themselves for re-election.

In accordance with article 115 of the company's articles of association, Dr. Loke Yu alias Loke Hoi Lam will retire, and being eligible, offer himself for re-election at the forthcoming annual general meeting.

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

Directors' Report

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2007, 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	
<i>Executive directors:</i>					
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
<i>Non-executive directors:</i>					
Ng Tai Keung	259,000	—	—	—	259,000
So Kwok Leung	5,961,077	—	—	—	5,961,077
<i>Independent non-executive directors:</i>					
Heng Kwoo Seng	—	—	—	—	—
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' Report

DIRECTORS' INTERESTS IN CONTRACTS

None of the directors had whether directly or indirectly any 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.

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 2007, 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 2007 attributable to the largest tenant and the five largest tenants in aggregate were 31% and 68% 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.

Directors' Report

RETIREMENT SCHEME

Particulars of the retirement scheme are set out in note 4.18 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.

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, 17 July 2007

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 21 to 57, which comprise the consolidated and company balance sheets as at 31 March 2007, 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.

AUDITOR'S 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.

Independent Auditors' Report

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

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 2007 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, 17 July 2007

Consolidated Income Statement

For the year ended 31 March 2007

		2007	2006
	Notes	HK\$	HK\$
Turnover	7	18,433,838	20,337,326
Other revenue		716,909	264,809
Administrative and general expenses		(5,396,014)	(4,555,537)
Carrying amount of financial assets at fair value through profit or loss sold		(4,405,895)	(5,192,500)
Gain on disposal of available-for-sale financial assets		2,075,846	4,091,095
Gain on disposal of land interests		8,087,408	—
(Decrease)/increase in fair value of financial assets at fair value through profit or loss		(156,894)	552,234
Provision for impairment loss on properties held for or under development (charged)/written back		(36,470)	17,405,000
Fair value gain on investment properties		6,105,000	2,295,000
Finance cost		(1,238,724)	(1,116,062)
Profit before taxation	8	24,185,004	34,081,365
Taxation	11	(2,038,054)	(1,113,698)
Profit after taxation attributable to the equity holders of parent		22,146,950	32,967,667
Earnings per share	12	0.55	0.82

Consolidated Balance Sheet

As at 31 March 2007

		2007		2006	
	Notes	HK\$	HK\$	HK\$	HK\$
ASSETS					
Non-current assets					
Property, plant and equipment	13	1,025,219		1,066,273	
Investment properties	14	127,550,000		121,445,000	
Leasehold land	15	1,574,278		1,611,761	
Properties held for or under development	16	9,200,000		9,200,000	
Available-for-sale financial assets					
— equity shares listed in Hong Kong		102,791,808		76,933,350	
		242,141,305		210,256,384	
Current assets					
Financial assets at fair value through profit or loss					
— equity shares listed in Hong Kong		11,084,680		3,381,625	
Properties under development	16	—		63,705,272	
Stock of property units		63,790,864		—	
Stock of land interests		279,890		2,536,678	
Trade and other receivables	18	1,357,992		1,486,755	
Tax recoverable		—		32,247	
Cash and bank balances	19	12,528,113	89,041,539	15,119,267	86,261,844
Current liabilities					
Trade and other payables	20	4,737,372		5,408,455	
Tax payable		234,767		97,955	
Bank borrowings — secured	21	2,800,000		2,800,000	
Provision for long service payments	22	1,699,200	(9,471,339)	2,093,000	(10,399,410)
Net current assets			79,570,200		75,862,434
Total assets less current liabilities			321,711,505		286,118,818

Consolidated Balance Sheet

As at 31 March 2007

		2007		2006	
	Notes	HK\$	HK\$	HK\$	HK\$
Non-current liabilities					
Bank borrowings — secured	21	19,600,000		22,400,000	
Provision for long service payments	22	423,400		—	
Deferred taxation	23	8,369,323	(28,392,723)	7,167,282	(29,567,282)
NET ASSETS			293,318,782		256,551,536
CAPITAL AND RESERVES					
Share capital	24	40,000,000		40,000,000	
Reserves	25	249,318,782		212,551,536	
Proposed dividend		4,000,000		4,000,000	
			293,318,782		256,551,536

Approved by the board of directors on 17 July 2007

Ng See Wah
Director

Soo Cho Ling
Director

Balance Sheet

As at 31 March 2007

	Notes	2007		2006	
		HK\$	HK\$	HK\$	HK\$
ASSETS					
Non-current assets					
Property, plant and equipment	13		17,183		24,024
Investment properties	14		2,260,000		2,260,000
Interest in subsidiaries	17		154,442,468		153,064,425
			156,719,651		155,348,449
Current assets					
Financial assets at fair value through profit or loss					
— equity shares listed in Hong Kong			11,084,680		3,381,625
Stock of land interests			279,890		2,536,678
Trade and other receivables	18		157,113		139,404
Cash at banks	19		11,176,131	22,697,814	8,949,704
					15,007,411
Current liabilities					
Trade and other payables	20		1,465,220		1,232,181
Provision for long service payments	22		780,000	(2,245,220)	947,300
					(2,179,481)
Net current assets			20,452,594		12,827,930
Total assets less current liabilities			177,172,245		168,176,379
Non-current liabilities					
Provision for long service payments	22		(176,900)		—
NET ASSETS			176,995,345		168,176,379
CAPITAL AND RESERVES					
Share capital	24		40,000,000		40,000,000
Reserves	25		132,995,345		124,176,379
Proposed dividend			4,000,000		4,000,000
			176,995,345		168,176,379

Approved by the board of directors on 17 July 2007

Ng See Wah
Director

Soo Cho Ling
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2007

	2007	2006
	HK\$	HK\$
At the beginning of the year	256,551,536	215,687,412
Increase in fair value of available-for-sale financial assets recognised in equity	21,095,841	15,411,507
Transfer to income statement upon disposal of available-for-sale financial assets	(1,675,545)	(3,115,050)
Net profit for the year	22,146,950	32,967,667
Dividends paid	(4,800,000)	(4,400,000)
At the end of the year	293,318,782	256,551,536

Consolidated Cash Flow Statement

For the year ended 31 March 2007

	2007	2006
	HK\$	HK\$
Operating activities		
Profit before taxation	24,185,004	34,081,365
Adjustments for:		
Gain on disposal of available-for-sale financial assets	(2,075,846)	(4,091,095)
Provision for impairment loss on properties held for or under development charged/(written back)	36,470	(17,405,000)
Fair value gain on investment properties	(6,105,000)	(2,295,000)
Interest income	(711,480)	(261,194)
Interest expense	1,238,724	1,116,062
Provision for long service payments	29,600	6,800
Amortisation of leasehold land	37,483	37,483
Depreciation	55,440	56,348
Loss on disposal of property, plant and equipment	8,592	11,057
Operating profit before working capital changes	16,698,987	11,256,826
Increase in financial assets at fair value through profit or loss	(7,703,055)	(965,125)
Decrease in stock of land interests	2,256,788	—
Decrease in trade and other receivables	128,763	57,559
(Decrease)/increase in trade and other payables	(671,083)	306,698
Cash generated from operations	10,710,400	10,655,958
Profits tax paid	(666,954)	(669,089)
Net cash generated from operating activities	10,043,446	9,986,869
Investing activities		
Purchase of property, plant and equipment	(22,978)	(13,549)
Increase in properties held for or under development	(122,062)	(4,287,300)
Purchase of available-for-sale financial assets	(7,102,617)	(1,516,223)
Proceeds from disposal of available-for-sale financial assets	2,740,301	11,084,435
Interest received	711,480	261,194
Net cash (used in)/generated from investing activities	(3,795,876)	5,528,557

Consolidated Cash Flow Statement

For the year ended 31 March 2007

	2007	2006
	HK\$	HK\$
Financing activities		
Repayment of bank borrowings	(2,800,000)	(2,800,000)
Dividends paid	(4,800,000)	(4,400,000)
Interest paid	(1,238,724)	(1,116,062)
Net cash used in financing activities	(8,838,724)	(8,316,062)
Net (decrease)/increase in cash and cash equivalents	(2,591,154)	7,199,364
Cash and cash equivalents at beginning of year	15,119,267	7,919,903
Cash and cash equivalents at end of year, representing cash and bank balances	12,528,113	15,119,267

Notes to Financial Statements

For the year ended 31 March 2007

1. GENERAL INFORMATION

The company is a limited liability company incorporated in Hong Kong and its registered office and principal place of business of the company 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 and financial assets at fair value through profit or loss, and in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which includes Hong Kong Accounting Standards ("HKAS") 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 HKFRS

The HKICPA has issued certain new and revised HKFRSs (the "New HKFRSs"), which are mandatory for the group's accounting periods on or after 1 April 2006. Except for the changes in the accounting policy in respect of financial guarantees issued, the adoption of such New HKFRSs in the current year does not result in any significant changes of the group's accounting policies. Details of the changes in the accounting policy in respect of financial guarantees are as follows:

In prior years, financial guarantees issued by the group or the company were disclosed as contingent liabilities and no provisions were made in respect of these guarantees unless it was more likely than not the guarantees would be called upon. Upon the adoption of the HKAS 39 and HKFRS 4 Amendments "Financial Instruments: Recognition and Measurement and Insurance Contracts — Financial Guarantee Contracts" (the "Amendments"), financial guarantees are accounted for as financial liabilities under HKAS 39 "Financial Instruments: Recognition and Measurement" and measured initially at fair value and subsequently stated at the higher of (i) the amount initially recognised, where appropriate, less accumulated amortisation recognised over the life of the guarantee on a straight-line basis; and (ii) the amount of the provision, if any, that should be recognised in accordance with HKAS 37 "Provision, Contingent Liabilities and Contingent Assets". The adoption of the Amendments does not have any material effect on the results or financial positions of the group and the company for the current or prior years.

Notes to Financial Statements

For the year ended 31 March 2007

3. ADOPTION OF NEW AND REVISED HKFRS (Continued)

Standards, interpretations and amendments not effective

The HKICPA has issued the following new standards, interpretations and amendments which are not effective for the group's and the company's financial statements for the year ended 31 March 2007:

		Effective for accounting period beginning on or after
Accounting/financial reporting standards		
HKAS 1 Amendment	Capital Disclosures	1 January 2007
HKFRS 7	Financial Instruments: Disclosures	1 January 2007
HKFRS 8	Operating Segments	1 January 2009
Interpretations		
HK(IFRIC)-Int 8	Scope of HKFRS 2	1 May 2006
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives	1 June 2006
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment	1 November 2006
HK(IFRIC)-Int 11	HKFRS 2 — Group and Treasury Transactions	1 March 2007
HK(IFRIC)-Int 12	Service Concession Arrangements	1 January 2008

The group has not early adopted the above standards, interpretations and amendments in the financial statements for the year ended 31 March 2007. The group has already commenced an assessment of the related impact to the group but is not yet in a position to state whether there will be any substantial changes to the group's accounting policies or any significant effect on the results or financial positions of the group.

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 2007. 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.

Notes to Financial Statements

For the year ended 31 March 2007

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 capitalised as an additional cost of the assets. When assets are sold or retired, their cost and aggregate depreciation/impairment losses are eliminated from the accounts and any gain or loss resulting from their disposal is included in 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

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.

Notes to Financial Statements

For the year ended 31 March 2007

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

4.4 Investment properties *(Continued)*

Gain or loss on retirement or disposal of an investment property is determined as the difference between the net disposal proceeds and the carrying amount, and is recognised in 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 amortisation and impairment loss, if any. Amortisation 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 loss 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 recognised no longer exists or may have decreased:

- Investment 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 recognised whenever the carrying amount of an asset exceeds its recoverable amount.

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

Notes to Financial Statements

For the year ended 31 March 2007

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.8 Available-for-sale financial assets

Available-for-sale financial assets are share investments, other than investment 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 recognised in the equity. When the share investments are sold, the cumulative gain or loss previously recognised in equity is recognised in the profit or loss 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 its cost is considered as an indicator to determine whether the shares are impaired. If any such evidence exists, the cumulative losses (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit or loss) are removed from equity and recognised in the profit or loss. Such losses shall not be reversed through profit or loss.

4.9 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are share investments 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 recognised in the profit or loss. When the share investments are sold, the gain or loss representing the difference between the net disposal proceeds and the carrying amount of the share investments is recognised in the profit or loss in the period of disposal.

4.10 Stock of land interests

Stock of land interests is stated at the lower of cost and market value.

4.11 Stock of property units

Stock of property units developed by the group is stated at the lower of cost and net realisable value. Net realisable 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 2007

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.12 Trade and other receivables

Trade and other receivables are initially recognized at fair value and thereafter stated at amortised cost using effective interest method, less provision for impairment. A provision for impairment 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. 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. The amount of the provision is recognized in the income statement.

4.13 Interest-bearing bank borrowings

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

4.14 Trade and other payables

Trade and other payables are initially recognized at fair value. Except for financial guarantee liabilities measured in accordance with note 4.15, trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

4.15 Financial guarantees issued

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

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

Notes to Financial Statements

For the year ended 31 March 2007

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

4.16 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 recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

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 realised. 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.

Notes to Financial Statements

For the year ended 31 March 2007

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.17 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.

4.18 Employee benefits

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

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

4.19 Revenue recognition

Sales of financial assets at fair value through profit or loss are recognised on trade date basis.

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

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

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

Notes to Financial Statements

For the year ended 31 March 2007

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

4.20 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.

4.21 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.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's activities are exposed to various financial risks: price risk, credit risk, cash flow interest rate risk and liquidity risk. The group manages and monitors the exposure to such risk to ensure that appropriate measures are implemented on a timely and effective manner. No derivative financial instruments are used to hedge any exposure to these risks.

(a) Price risk

The group is exposed to share price risk as the group holds portfolios of listed shares for long-term and short-term. The group keeps close monitoring of the performance of the share price to minimize the exposure to share price risk.

(b) Credit risk

Credit risk is the risk of counterparties defaulting. The carrying amounts of cash at banks, trade and other receivables represent the group's maximum exposure to the credit risk attributable to these financial assets.

The group monitors its receivables on an ongoing basis and cash deposits are placed with reputable financial institutions to minimize exposure to credit risk.

Notes to Financial Statements

For the year ended 31 March 2007

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(c) Cash flow interest rate risk

The group is exposed to cash flow interest rate risk as the group has floating rate bank borrowings and its surplus funds 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 expense and income. The group periodically reviews the market interest rates and managed the risk on an ongoing basis.

(d) Liquidity risk

The group adopts prudent liquidity risk management policy. An optimum level of cash and bank balances are always maintained to ensure that the group can operate effectively and efficiently.

6. 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

Notes to Financial Statements

For the year ended 31 March 2007

6. SEGMENT INFORMATION (Continued)

Segment information about these businesses is presented below:

	Securities investments		Property leasing		Property development		Consolidated total	
	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
INCOME STATEMENT								
Segment revenue	7,867,661	10,239,079	10,566,177	10,098,247	—	—	18,433,838	20,337,326
Segment results	1,870,279	4,155,440	7,530,382	7,627,039	(348,211)	(60,132)	9,052,450	11,722,347
Gain on disposal of available-for-sale financial assets	2,075,846	4,091,095	—	—	—	—	2,075,846	4,091,095
Gain on disposal of land interests	—	—	—	—	8,087,408	—	8,087,408	—
Provision for impairment loss on properties held for or under development (charged)/written back	—	—	—	—	(36,470)	17,405,000	(36,470)	17,405,000
Fair value gain on investment properties	—	—	6,105,000	2,295,000	—	—	6,105,000	2,295,000
Results before interest, tax and corporate expenses	3,946,125	8,246,535	13,635,382	9,922,039	7,702,727	17,344,868	25,284,234	35,513,442
Interest income							711,480	261,194
Interest expenses							(1,238,724)	(1,116,062)
Unallocated corporate expenses							(571,986)	(577,209)
Profit before taxation							24,185,004	34,081,365
Taxation							(2,038,054)	(1,113,698)
Profit after taxation							22,146,950	32,967,667

Notes to Financial Statements

For the year ended 31 March 2007

6. SEGMENT INFORMATION (Continued)

	Securities investments		Property leasing		Property development		Consolidated total	
	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$

BALANCE SHEET

Assets:

Segment assets	125,936,621	95,549,017	132,014,904	127,927,620	73,103,086	73,009,344	331,054,611	296,485,981
Tax recoverable	—	—	—	32,247	—	—	—	32,247
Unallocated corporate assets							128,233	—
	125,936,621	95,549,017	132,014,904	127,959,867	73,103,086	73,009,344	331,182,844	296,518,228

Liabilities:

Segment liabilities	1,162,211	1,194,418	3,434,288	3,234,882	1,102,233	2,143,991	5,698,732	6,573,291
Tax payable and deferred								
taxation	—	—	8,604,090	7,265,237	—	—	8,604,090	7,265,237
Bank loans — secured	—	—	22,400,000	25,200,000	—	—	22,400,000	25,200,000
Unallocated corporate								
liabilities							1,161,240	928,164
	1,162,211	1,194,418	34,438,378	35,700,119	1,102,233	2,143,991	37,864,062	39,966,692

OTHER INFORMATION

Capital expenditure	—	—	22,978	13,549	122,062	4,287,300	145,040	4,300,849
Purchase of available-								
for-sale financial assets	7,102,617	1,516,223	—	—	—	—	7,102,617	1,516,223
Depreciation	1,814	2,589	53,626	53,759	—	—	55,440	56,348
Amortisation of								
leasehold land	—	—	37,483	37,483	—	—	37,483	37,483
Fair value (loss)/gain on								
financial assets at fair value								
through profit or loss	(156,894)	552,234	—	—	—	—	(156,894)	552,234
Provision for long service								
payments	4,180	8,051	25,420	(1,251)	—	—	29,600	6,800

Notes to Financial Statements

For the year ended 31 March 2007

6. SEGMENT INFORMATION (Continued)

Geographical segments

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

7. TURNOVER

	The group	
	2007	2006
	HK\$	HK\$
Sales of financial assets at fair value through profit or loss	4,552,241	7,161,130
Gross rental income from investment properties	10,566,177	10,098,247
Dividend income from share investments listed in Hong Kong	3,315,420	3,077,949
	18,433,838	20,337,326

8. PROFIT BEFORE TAXATION

	The group	
	2007	2006
	HK\$	HK\$

Profit before taxation is stated after charging:

Auditors' remuneration	128,000	128,000
Amortisation of leasehold land	37,483	37,483
Depreciation	55,440	56,348
Loss on disposal of property, plant and equipment	8,592	11,057
Interest on bank borrowings	1,238,724	1,116,062
Direct operating expenses in respect of investment properties		
— that generated rental income	276,399	266,060
— that did not generate rental income	29,972	33,705

And after crediting:

Interest income from bank deposits	711,480	261,194
------------------------------------	---------	---------

Notes to Financial Statements

For the year ended 31 March 2007

9. DIRECTORS' REMUNERATION

The remuneration of the directors is as follows:

	2007			Total HK\$
	Fees HK\$	Salaries and other benefits HK\$	Other emoluments Mandatory provident fund contribution HK\$	
Executive directors —				
Ng See Wah	12,000	942,658	—	954,658
Soo Cho Ling	12,000	942,658	—	954,658
Ng Tai Wai	12,000	438,000	12,000	462,000
Non-executive directors —				
Ng Tai Keung	12,000	—	—	12,000
So Kwok Leung	12,000	—	—	12,000
Independent non-executive directors —				
Heng Kwoo Seng	60,000	—	—	60,000
Ng Chi Yeung, Simon	60,000	—	—	60,000
Chan Suit Fei, Esther	60,000	—	—	60,000
	240,000	2,323,316	12,000	2,575,316
	2006			
	Fees HK\$	Salaries and other benefits HK\$	Other emoluments Mandatory provident fund contribution HK\$	Total HK\$
Executive directors —				
Ng See Wah	12,000	774,780	—	786,780
Soo Cho Ling	12,000	774,780	—	786,780
Ng Tai Wai	12,000	420,000	12,000	444,000
Non-executive directors —				
Ng Tai Keung	12,000	—	—	12,000
So Kwok Leung	12,000	—	—	12,000
Independent non-executive directors —				
Heng Kwoo Seng	60,000	—	—	60,000
Ng Chi Yeung, Simon	60,000	—	—	60,000
Chan Suit Fei, Esther	60,000	—	—	60,000
	240,000	1,969,560	12,000	2,221,560

Notes to Financial Statements

For the year ended 31 March 2007

10. STAFF COST

	The group	
	2007	2006
	HK\$	HK\$
Directors' remuneration	2,575,316	2,221,560
Salaries and other benefits	1,087,544	746,316
Contribution to provident funds	44,563	43,531
Provision for long service payments	29,600	6,800
	3,737,023	3,018,207

Among the five highest paid individuals of the group, three (2006: three) are executive directors whose emoluments are set out in note 9 to the financial statements. The emoluments of the other two (2006: two) individuals are as follows:

	The group	
	2007	2006
	HK\$	HK\$
Salaries	594,344	563,696
Mandatory provident fund contribution	23,548	22,900
	617,892	586,596

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

Notes to Financial Statements

For the year ended 31 March 2007

11. TAXATION

	The group	
	2007	2006
	<i>HK\$</i>	<i>HK\$</i>
Current income tax		
Provision for Hong Kong Profits Tax for current year	838,000	786,000
Over-provision for prior year	(1,987)	(7,955)
	836,013	778,045
Deferred tax	1,202,041	335,653
Total tax expense	2,038,054	1,113,698

Provision for Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) on the estimated assessable profit for the year.

Reconciliation between tax expense and accounting profit at applicable tax rate

	The group	
	2007	2006
	<i>HK\$</i>	<i>HK\$</i>
Profit before taxation	24,185,004	34,081,365
Notional tax expense on profit before taxation, calculated at Hong Kong Profits Tax rate of 17.5% (2006: 17.5%)	4,232,375	5,964,239
Tax effect of non-deductible expenses	73,979	23,812
Tax effect of non-taxable revenue	(2,483,276)	(4,346,168)
Tax effect of unused tax losses not recognised	222,633	—
Tax effect of unused tax losses and unrecognised deductible temporary differences utilised	(36,740)	(490,718)
Others	29,083	(37,467)
Tax expense	2,038,054	1,113,698

Notes to Financial Statements

For the year ended 31 March 2007

12. EARNINGS PER SHARE

The calculation of earnings per share is based on the consolidated profit after tax of HK\$22,146,950 (2006: HK\$32,967,667) and on 40,000,000 shares (2006: 40,000,000 shares) in issue during the year.

13. PROPERTY, PLANT AND EQUIPMENT

The group	Leasehold buildings <i>HK\$</i>	Leasehold improvement <i>HK\$</i>	Furniture, fixtures and equipment <i>HK\$</i>	Total <i>HK\$</i>
Cost				
At 1 April 2005	1,315,636	570,900	200,785	2,087,321
Additions	—	—	13,549	13,549
Disposals	—	—	(30,669)	(30,669)
<hr/>				
At 31 March 2006 and 1 April 2006	1,315,636	570,900	183,665	2,070,201
Additions	—	—	22,978	22,978
Disposals	—	—	(24,958)	(24,958)
<hr/>				
At 31 March 2007	1,315,636	570,900	181,685	2,068,221
<hr/>				
Aggregate depreciation				
At 1 April 2005	427,582	399,590	140,020	967,192
Charge for the year	32,891	17,131	6,326	56,348
Written back on disposals	—	—	(19,612)	(19,612)
<hr/>				
At 31 March 2006 and 1 April 2006	460,473	416,721	126,734	1,003,928
Charge for the year	32,890	15,419	7,131	55,440
Written back on disposals	—	—	(16,366)	(16,366)
<hr/>				
At 31 March 2007	(493,363)	(432,140)	(117,499)	(1,043,002)
<hr/>				
Net book value				
At 31 March 2007	822,273	138,760	64,186	1,025,219
<hr/>				
At 31 March 2006	855,163	154,179	56,931	1,066,273
<hr/>				

Notes to Financial Statements

For the year ended 31 March 2007

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

The company	Furniture, fixtures and equipment	
	2007	2006
	HK\$	HK\$
Cost		
At the beginning of the year	49,667	55,296
Additions	—	5,049
Disposals	(8,958)	(10,678)
At the end of the year	40,709	49,667
Aggregate depreciation		
At the beginning of the year	25,643	27,747
Provided for the year	1,909	2,669
Written back on disposals	(4,026)	(4,773)
At the end of the year	(23,526)	(25,643)
Net book value	17,183	24,024

14. INVESTMENT PROPERTIES

	The group		The company	
	2007	2006	2007	2006
	HK\$	HK\$	HK\$	HK\$
Fair value				
At the beginning of the year	121,445,000	119,150,000	2,260,000	2,230,000
Increase in fair value	6,105,000	2,295,000	—	30,000
At the end of the year	127,550,000	121,445,000	2,260,000	2,260,000

Notes to Financial Statements

For the year ended 31 March 2007

14. INVESTMENT PROPERTIES (Continued)

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

	The group		The company	
	2007	2006	2007	2006
	HK\$	HK\$	HK\$	HK\$
Medium term leases	120,530,000	114,475,000	2,260,000	2,260,000
Long leases	7,020,000	6,970,000	—	—
	127,550,000	121,445,000	2,260,000	2,260,000

The group's investment properties were revalued on 31 March 2007 by RHL Appraisal Limited, an independent firm of professional surveyors, on an open market value basis.

As at 31 March 2007, the investment properties of the group with an aggregate carrying value of HK\$58,050,000 (2006: HK\$53,060,000) were pledged to a bank to secure general banking facilities granted to the group.

15. LEASEHOLD LAND

	The group	
	2007	2006
	HK\$	HK\$
Cost		
At the beginning and end of the year	2,443,324	2,443,324
Aggregate amortisation		
At the beginning of the year	831,563	794,080
Provided for the year	37,483	37,483
At the end of the year	(869,046)	(831,563)
Net book value	1,574,278	1,611,761

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

Notes to Financial Statements

For the year ended 31 March 2007

16. PROPERTIES HELD FOR OR UNDER DEVELOPMENT

	The group	
	2007	2006
	HK\$	HK\$
Cost at the beginning of the year	92,343,136	88,055,836
Additions	122,062	4,287,300
	92,465,198	92,343,136
Transfer to stock of property units	(63,790,864)	—
Cost at the end of the year	28,674,334	92,343,136
Provision for impairment loss	(19,474,334)	(19,437,864)
	9,200,000	72,905,272
Classification in the balance sheet		
Non-current	9,200,000	9,200,000
Current	—	63,705,272
	9,200,000	72,905,272

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.

Notes to Financial Statements

For the year ended 31 March 2007

17. INTEREST IN SUBSIDIARIES

	The company	
	2007	2006
	HK\$	HK\$
Unlisted investments at cost	6,481,102	6,481,102
Advances to subsidiaries		
— Interest free	170,698,608	174,109,195
— Interest bearing	27,536,336	25,189,388
	204,716,046	205,779,685
Advances from subsidiaries		
— Interest free	(20,306,950)	(21,976,885)
	184,409,096	183,802,800
Provision for loss	(29,966,628)	(30,738,375)
	154,442,468	153,064,425

Notes to Financial Statements

For the year ended 31 March 2007

17. INTEREST 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.

Notes to Financial Statements

For the year ended 31 March 2007

18. TRADE AND OTHER RECEIVABLES

	The group		The company	
	2007	2006	2007	2006
	HK\$	HK\$	HK\$	HK\$
Rental receivables	475,016	507,839	10,000	10,000
Deposits and prepayments	568,411	546,444	142,614	125,728
Other receivables	314,565	432,472	4,499	3,676
	1,357,992	1,486,755	157,113	139,404

The rental receivables of the group and the company were current and within normal credit period.

19. CASH AND BANK BALANCES

	The group		The company	
	2007	2006	2007	2006
	HK\$	HK\$	HK\$	HK\$
Time deposits	11,137,833	13,572,385	10,017,722	7,593,372
Current account and cash	1,390,280	1,546,882	1,158,409	1,356,332
	12,528,113	15,119,267	11,176,131	8,949,704

The time deposits have a term for 1 to 2 weeks (2006: 1 to 2 weeks) and bear interest at 3.72% to 4.1% (2006: 4.1% to 4.3%) per annum.

Notes to Financial Statements

For the year ended 31 March 2007

20. TRADE AND OTHER PAYABLES

	The group		The company	
	2007	2006	2007	2006
	HK\$	HK\$	HK\$	HK\$
Rental deposits received	1,940,950	1,882,750	47,500	38,000
Receipts in advance	13,165	26,393	—	—
Construction cost payable	45,882	409,662	—	—
Retention money payable	839,575	1,616,829	—	—
Unclaimed dividends	975,814	928,164	975,814	928,164
Accrued expenses	921,986	544,657	441,906	266,017
	4,737,372	5,408,455	1,465,220	1,232,181

21. BANK BORROWINGS — SECURED

	The group	
	2007	2006
	HK\$	HK\$
Current portion		
Repayable within one year	2,800,000	2,800,000
Non-current portion		
Repayable after one year but not exceeding two years	2,800,000	2,800,000
Repayable after two years but not exceeding five years	8,400,000	8,400,000
Repayable after five years	8,400,000	11,200,000
	19,600,000	22,400,000
	22,400,000	25,200,000

The bank borrowings bear interest at the lower of prime rate less 2.7% or 1% above Hong Kong Interbank Offered Rate per annum. The directors consider the carrying amount of the bank borrowings approximates their fair value.

Notes to Financial Statements

For the year ended 31 March 2007

22. PROVISION FOR LONG SERVICE PAYMENTS

	The group		The company	
	2007	2006	2007	2006
	HK\$	HK\$	HK\$	HK\$
At the beginning of the year	2,093,000	2,086,200	947,300	939,000
Provision for the year	29,600	6,800	9,600	8,300
At end of the year	2,122,600	2,093,000	956,900	947,300
Classification in the balance sheet:				
Current	1,699,200	2,093,000	780,000	947,300
Non-current	423,400	—	176,900	—
	2,122,600	2,093,000	956,900	947,300

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 2007

23. DEFERRED TAXATION

The components of deferred tax (assets)/liabilities recognised 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 2005	6,440,441	480,086	(88,898)	6,831,629
Charged/(credited) to income statement	543,386	134,464	(342,197)	335,653
At 31 March 2006 and 1 April 2006	6,983,827	614,550	(431,095)	7,167,282
Charged to income statement	1,031,635	133,204	37,202	1,202,041
At 31 March 2007	8,015,462	747,754	(393,893)	8,369,323

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

Deferred tax assets unrecognised

Deferred tax asset is not recognised 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 utilised:

	The group		The company	
	2007 <i>HK\$</i>	2006 <i>HK\$</i>	2007 <i>HK\$</i>	2006 <i>HK\$</i>
Unused tax losses	5,434,529	4,162,339	5,434,529	4,162,339
Deductible temporary difference in respect of deficit on revaluation of investment properties	13,516,560	13,726,500	—	—
	18,951,089	17,888,839	5,434,529	4,162,339

Notes to Financial Statements

For the year ended 31 March 2007

24. SHARE CAPITAL

	2007		2006	
	No. of shares	Amount HK\$	No. of shares	Amount HK\$
Authorised				
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

25. RESERVES

The group	Notes	Capital reserve HK\$	Retained profits HK\$	Total HK\$
At 1 April 2005		251,046	171,836,366	172,087,412
Net profit for the year		—	32,967,667	32,967,667
Increase in fair value of available-for-sale financial assets		—	15,411,507	15,411,507
Transfer to income statement upon disposal of available-for-sale financial assets		—	(3,115,050)	(3,115,050)
Dividends	26	—	(4,800,000)	(4,800,000)
At 31 March 2006 and 1 April 2006		251,046	212,300,490	212,551,536
Net profit for the year		—	22,146,950	22,146,950
Increase in fair value of available-for-sale financial assets		—	21,095,841	21,095,841
Transfer to income statement upon disposal of available-for-sale financial assets		—	(1,675,545)	(1,675,545)
Dividends	26	—	(4,800,000)	(4,800,000)
At 31 March 2007		251,046	249,067,736	249,318,782

Notes to Financial Statements

For the year ended 31 March 2007

25. RESERVES (Continued)

The company	Retained profits	
	2007	2006
	HK\$	HK\$
At the beginning of the year	124,176,379	91,612,683
Net profit for the year	27 13,618,966	37,363,696
Dividends	26 (4,800,000)	(4,800,000)
At the end of the year	132,995,345	124,176,379

Distributable reserves of the company at the balance sheet date, calculated under section 79B of the Companies Ordinance amounted to HK\$136,995,345 (2006: HK\$128,176,379).

26. DIVIDENDS

	2007	2006
	HK\$	HK\$
Dividends attributable to the year —		
Interim dividend at HK\$0.02 (2006: HK\$0.02)		
per share paid during the year	800,000	800,000
Final dividend at HK\$0.10 (2006: HK\$0.10)		
per share proposed after the balance sheet date	4,000,000	4,000,000
	4,800,000	4,800,000

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

Notes to Financial Statements

For the year ended 31 March 2007

27. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

	The company	
	2007	2006
	HK\$	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 (2006: HK\$10,800,000)	13,618,966	37,363,696

28. CAPITAL COMMITMENTS

Capital expenditures in respect of properties under development outstanding at the balance sheet date are as follows:

	The group	
	2007	2006
	HK\$	HK\$
Contracted but not provided for	—	260,000

The company had no significant capital commitments at the balance sheet date.

29. 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	
	2007	2006	2007	2006
	HK\$	HK\$	HK\$	HK\$
Not later than one year	5,615,160	9,774,177	135,000	228,000
Later than one year and not later than five years	2,252,233	5,562,942	—	135,000
	7,867,393	15,337,119	135,000	363,000

The operating leases normally run from one to three years.

Notes to Financial Statements

For the year ended 31 March 2007

30. FINANCIAL GUARANTEES

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

	The company	
	2007	2006
	HK\$	HK\$
Guaranteed amount	28,000,000	28,000,000
Outstanding balance of the bank loan	22,400,000	25,200,000

31. POST BALANCE SHEET EVENTS

(a) Disposal of available-for-sale financial assets

Subsequent to the balance sheet date, the group sold certain available-for-sale financial assets with cost of HK\$1,629,257 for a consideration of HK\$3,877,000.

(b) Disposal of land interests

Subsequent to the balance sheet date, the company entered into a sale and purchase agreement with an independent third party for sale of land interests at Mong Tseng amounting to HK\$279,890 for a consideration of HK\$1,241,400. The sale and purchase of the land interests is scheduled to be completed in September 2007.

Schedule of Properties Held by the Group

As at 31 March 2007

(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 Existing	
						interest	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) Lot No. 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%	Vacant
(3) Lot No. 1477 in Demarcation District No. 129, Mong Tseng, Yuen Long, New Territories	8,276	—	Lot No. 1477 in Demarcation District No. 129, Mong Tseng, Yuen Long, New Territories	*	—	100%	Vacant

* No significant development progress

(B) STOCK OF PROPERTY UNITS

Location	Site area sq. ft.	Gross floor area sq. ft.	Lot No.	Usage	Group's	
					interest	Existing use
(1) No. 201 & 203, Castle Peak Road, Kowloon	2,269	14,000	Remaining portion of Section B of New Kowloon Inland Lot No. 2798 and Section C of New Kowloon Inland Lot No. 2798	Residential/ Commercial	100%	Pending for sale

Schedule of Properties Held by the Group

As at 31 March 2007

(C) PROPERTIES HELD FOR INVESTMENT

	Location	Lot No.	Usage	Group's interest	Lease term
(1)	Wing Tak Building, 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, 70-82 Sheung Fung Street, Tsz Wan Shan, Kowloon: Shops A and B on ground floor and Stores A and B on mezzanine floor	New Kowloon Inland Lot No. 5020	Commercial	100%	Medium
(4)	Lee Kiu Building, No. 51 Jordan Road, Kowloon: Office No. A on 4th floor	Kowloon Inland Lot No. 9894	Commercial	100%	Medium
(5)	Metropolitan Factory and Warehouse Building, Nos. 30-32 Chai Wan Kok Street, Tsuen Wan, New Territories: Flat B on 5th and 6th floor	Sec. B of Tsuen Wan Inland Lot. No. 34	Industrial	100%	Medium
(6)	No. 238 Electric Road, North Point, Hong Kong: 4th floor	Sec. C of Inland Lot No. 1618	Residential	100%	Long
(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

Schedule of Properties Held by the Group

As at 31 March 2007

(C) PROPERTIES HELD FOR INVESTMENT (Continued)

	Location	Lot No.	Usage	Group's interest	Lease term
(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 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				
	2003	2004	2005	2006	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Consolidated income statement					
Turnover	13,776	10,736	27,587	20,337	18,434
Profit/(loss) before tax	(11,364)	19,547	21,117	34,081	24,185
Taxation	(1,186)	(1,016)	(676)	(1,114)	(2,038)
Profit/(loss) for the year	(12,550)	18,531	20,441	32,967	22,147
Consolidated balance sheet					
Property, plant and equipment ⁽¹⁾	65,879	70,682	120,270	1,066	1,025
Investment properties ⁽¹⁾	—	—	—	121,445	127,550
Properties held for or under development	24,776	34,719	51,213	9,200	9,200
Leasehold land	1,724	1,687	1,649	1,612	1,574
Investment securities ⁽²⁾	38,972	52,072	55,761	—	—
Other securities ⁽²⁾	318	1,317	998	—	—
Available-for-sale financial assets ⁽²⁾	—	—	—	76,933	102,792
Current assets	47,565	38,875	14,516	86,262	89,041
Current liabilities	(5,041)	(5,002)	(10,043)	(10,399)	(9,471)
Non-current liabilities	(5,698)	(6,941)	(32,031)	(29,567)	(28,392)
Net assets	168,495	187,409	202,333	256,552	293,319

(1) Investment properties were included under "Property, Plant and Equipment" for the years 2003 to 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 Friday, 31 August 2007 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 2007.
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;

Notice of Annual General Meeting

- (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.

“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, 17 July 2007

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 Monday, 27 August 2007 to Friday, 31 August 2007, 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 Friday, 24 August 2007.
- (2) A Member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a 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 Article 60 of the Articles of Association of the Company, a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by:
 - (i) the chairman; or
 - (ii) not less than three members present in person or by proxy and having the right to vote at the meeting; or

Notice of Annual General Meeting

- (iii) a member or members present in person or by proxy representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
 - (iv) a member or members present in person or by proxy holding shares of the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.
- (5) Pursuant to Articles 110 and 111 of the Articles of Association of the Company, Mr. Ng See Wah, Mr. Soo Cho Ling and Ms. Chan Suit Fei, Esther will retire by rotation from office and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.
- (6) In accordance with Article 115 of the Articles of Association of the Company, Dr. Loke Yu alias Loke Hoi Lam will retire and being eligible, offers himself for re-election at the forthcoming Annual General Meeting.
- (7) 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 9 to Financial Statements respectively in the Annual Report 2006/2007.