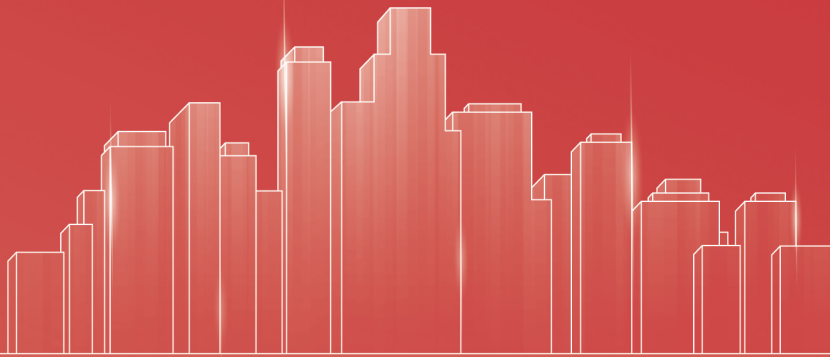




WINFAIR INVESTMENT COMPANY LIMITED

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



ANNUAL REPORT

2011/2012

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS

Mr. So Kwok Leung
Mr. So Kwok Wai, Benjamin

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

ALTERNATE DIRECTOR

Ms. Ng Kwok Fun

AUDITORS

Wong Brothers & Co.
Certified Public Accountants

SOLICITORS

Latham & Watkins
Lo, Wong & Tsui

PRINCIPAL BANKERS

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

COMPANY SECRETARY

Ms. MIMOONA MA

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
17/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

REGISTERED OFFICE

501-2, 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 82, is the chairman of the company. He is the co-founder of the group and has extensive experience in property development and investment. He is responsible for the development of the corporate policy and the overall management of the group. He is the father of Mr. Ng Tai Wai and Mr. Ng Tai Yin, Victor who are also executive directors of the company and Ms. Ng Kwok Fun who is his alternate director. In addition, he is a director and shareholder of Rheingold Holdings Limited, a company holding 3,370,500 shares of the company.

Mr. Ng Tai Wai, aged 51, was appointed on 2 November 1987 as director of the company. He is also a member of the remuneration committee and the corporate governance committee of the company. He is responsible for the general administration and financial management of the group. He is the son of Mr. Ng See Wah, the chairman and executive director of the company, the elder brother of Mr. Ng Tai Yin, Victor, executive director of the company and the younger brother of Ms. Ng Kwok Fun, alternate director of Mr. Ng See Wah. In addition, he is a director and shareholder of Rheingold Holdings Limited, a company holding 3,370,500 shares of the company.

Mr. Ng Tai Yin, Victor, aged 47, was appointed as non-executive director of the company on 27 March 2008 and re-designated as executive director of the company on 9 March 2010. He was appointed as a member of the nomination committee of the company on 13 March 2012. He holds a Bachelor Degree of Applied Science from University of Regina, Canada. He has over 13 years of experience in property management as well as information technology. He is currently a director of several private companies with major business in property investment and property management. He is the son of Mr. Ng See Wah, the chairman and executive director of the company, and the younger brother of Mr. Ng Tai Wai, executive director of the company and Ms. Ng Kwok Fun, alternate director of Mr. Ng See Wah.

NON-EXECUTIVE DIRECTORS

Mr. So Kwok Leung, aged 54, was appointed on 28 October 1985 as director of the company. He was appointed as a member of the corporate governance committee of the company on 13 March 2012. In previous years, he was responsible for the sale of properties developed by the group. He is the son of the late Mr. Soo Cho Ling, one of the founders of the company, and the elder brother of Mr. So Kwok Wai, Benjamin, non-executive director of the company.

Mr. So Kwok Wai, Benjamin, aged 49, was appointed on 9 March 2010 as non-executive director and a member of the audit committee of the company. He holds a Bachelor Degree of Business Administration in Management Information Systems and a Master Degree of Science in Computer Science from Eastern Washington University, U.S.A. He has over 12 years of experience in business development and systems design, as well as property investments and management related areas. He was appointed as alternate director to the late Mr. Soo Cho Ling, past executive director of the company, for the period from 21 October 2009 to 5 January 2010 and is currently a director of several private companies and operating a chain stores business. He is the son of the late Mr. Soo Cho Ling, one of the founders of the company, and the younger brother of Mr. So Kwok Leung, non-executive director of the company.



DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Loke Yu alias Loke Hoi Lam, aged 62, was appointed as independent non-executive director on 2 April 2007. He is the chairman of the audit committee and the corporate governance committee of the company. He is also a member of the remuneration committee and the nomination committee of the company. He has over 35 years' experience in accounting and auditing for private and public companies, financial consultancy and corporate management. He holds a Master of Business Administration Degree from Universiti Teknologi Malaysia and a Doctor of Business Administration Degree from University of South Australia. Dr. Loke is a fellow member of The Institute of Chartered Accountants in England & Wales; The Hong Kong Institute of Certified Public Accountants; and The Hong Kong Institute of Directors. He is also an associate member of The Hong Kong Institute of Chartered Secretaries. He is currently the company secretary of Minth Group Limited and serves as an independent non-executive director of VODone Limited, Matrix Holdings Limited, Bio-Dynamic Group Limited, China Fire Safety Enterprise Group Limited, Chiho-Tiande Group Limited, SCUD Group Limited and Zhong An Real Estate Limited, which are companies listed on The Stock Exchange of Hong Kong Limited.

Mr. Ng Chi Yeung, Simon, aged 54, 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 Kith Holdings Limited, a publicly listed company in Hong Kong. Mr. Ng holds a Bachelor Degree from the Manchester Metropolitan University in the United Kingdom and a Master Degree in Chinese and Comparative Law. He has been appointed as independent non-executive director of the company since 1 October 1995. He is also the chairman of the remuneration committee and a member of the audit committee, the nomination committee and the corporate governance committee of the company.

Ms. Chan Suit Fei, Esther, aged 54, 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 27 years experience in corporate advisory services and secretarial practice. She is currently a director of a secretarial service company. She has been appointed as independent non-executive director of the company since 28 September 2004. She is the chairman of the nomination committee and a member of the audit committee, the remuneration committee and the corporate governance committee of the company.

ALTERNATE DIRECTOR

Ms. Ng Kwok Fun, aged 52, was appointed as alternate director to Mr. Ng See Wah, the chairman and an executive director of the company on 21 October 2009. She holds a Bachelor Degree of Science from University of Toronto, majoring in Computer Science and Commerce. She has over 21 years of experience in information technology field providing system consultation and development services in various business. She is the daughter of Mr. Ng See Wah, and the elder sister of Mr. Ng Tai Wai and Mr. Ng Tai Yin, Victor, executive directors of the company.

COMPANY SECRETARY

Ms. Mimoona Ma, aged 38, was appointed as the qualified accountant and company secretary of the company on 1 October 2004 and 12 July 2006 respectively. She holds a Bachelor Degree in Business Administration, and is a fellow member of the Association of Chartered Certified Accountants and a certified public accountant of the Hong Kong Institute of Certified Public Accountants. She has a number of years of experience in auditing, taxation and accounting services. She is the Head of the Accounting Department and is responsible for financial management and reporting, and reviewing the group's internal controls.



CHAIRMAN'S STATEMENT

On behalf of the board, I am delighted to report the group's financial results and activities for the year ended 31 March 2012.

RESULTS AND DIVIDENDS

For the year under review, the revenue of the group decreased slightly by HK\$94,305, or 0.5%, to HK\$18,473,180. The group's profit for the year decreased by HK\$32,819,428, or 50%, to HK\$33,081,572. The decrease was mainly due to an unrealised loss on trading securities as a result of the downturn of the Hong Kong securities market and decrease in a revaluation gain on investment properties as compared to last year.

In January 2012, an interim dividend of HK\$0.02 per share was paid. The board now recommends a final dividend of HK\$0.10 per share, absorbing a total of HK\$4,000,000. Subject to approval by the shareholders, such dividends will be payable on 18 September 2012.

REVIEW OF OPERATIONS

PROPERTY DEVELOPMENT

There is no project under development with significant progress during the year.

The group continues to explore properties in Hong Kong for re-development purpose.

PROPERTY INVESTMENT

The rental income and the result (excluding a revaluation gain) of the group's property leasing business increased by HK\$1,584,590 or 13.4% and HK\$908,968 or 10.1% to HK\$13,392,750 and HK\$9,867,890 respectively, as compared to last year. The increase was mainly due to the rental contribution from the acquisitions of Nos. 60-64 Ma Tau Chung Road, Kowloon in August and September 2010. During the year, the properties portfolio remained the same. The properties market sentiment in Hong Kong has remained positive which led a continuously increase in market value. As a result, the group recorded the revaluation gain of the group's property investment portfolio of HK\$41,050,000 (2011: HK\$59,088,020). As at 31 March 2012, the total value of group's investment properties reached HK\$335,850,000.

After the end of reporting period, the group has adjusted the portfolio of investment properties. In June 2012, the group completed the acquisition of the property located at ground floor including mezzanine floor on No. 76 Waterloo Road, Kowloon (the "Waterloo Road Property") at a consideration of HK\$34,500,000. On 25 June 2012, the group entered into two Provisional Agreements for Sale and Purchase (the "Provisional Agreements") with independent third parties to sell the properties located at ground floor on Nos. 19, 21 and 23 Nam Kok Road, Kowloon (the "Nam Kok Road Properties") at a total consideration of HK\$75,000,000. Such disposals are expected to generate a gain of approximately HK\$27,000,000, which will be recorded in the accounting year ended 31 March 2013. The expected gain on disposal is calculated by deducting carrying value as at 31 March 2012 and other incidental cost regarding the Disposals.



CHAIRMAN'S STATEMENT

SHARE INVESTMENTS AND DIVIDEND INCOME

Dividend income on share investment has decreased by HK\$374,081, or 6.9% to HK\$5,014,960 as compared to last year. The decrease was mainly due to decrease in dividend yield of the securities held by the group.

During the year, the group reduced trading in securities and therefore reported a gain on disposal of trading securities of HK\$65,470 only (2011: HK\$1,370,284). Due to prevailing adverse market condition, the group's Hong Kong securities dropped by 12.5% in value as compared to 31 March 2011, leading to an unrealised loss on trading securities of HK\$13,451,678 (2011: unrealised gain of HK\$1,830,072) and an unrealised loss on long-term investment securities of HK\$12,759,519 (2011: unrealised gain of HK\$6,347,052), which were recorded in profit or loss and other comprehensive income respectively. At 31 March 2012, the group's share investment portfolios had an aggregate fair value of HK\$137,153,378 (2011: HK\$156,893,901).

LIQUIDITY AND FINANCIAL RESOURCES

The group maintained a healthy cash position without bank borrowings as at 31 March 2012. On 28 June 2012, the group obtained a bank mortgage loan of HK\$17,250,000 for the acquisition of the Waterloo Road Property. After taking the purchase consideration and the banking borrowing into calculation and assuming that the financial position at the end of June 2012 is same as in 31 March 2012, the expected gearing ratio of the group at the end of June 2012, which is taken as bank borrowings to total shareholders' equity will increase to 3.7%.

Also, in June 2012, as the group entered two Provisional Agreements to dispose the Nam Kok Road Properties at a selling price of HK\$75,000,000 which is expected to be completed on 28 September 2012, the management is confident that the group has sufficient fund to meet its future operating and project development expenditure, and loan repayment obligations.

PROSPECTS

Recent economic indices show that the economic growth in Mainland China has been slowdown. This may indirectly affect the performance of the retailing market, resulting a downward pressure on the rental of the shop in Hong Kong. As the European sovereign debt crises are full of uncertainty, the management believe the company will face a challenge in coming years. The group will keep watch of the market change and make appropriate strategic adjustment on our assets portfolio to maximise returns to its shareholders.

APPRECIATION

I appreciate the support and co-operation of my fellow directors and staff of the group and thank them for their dedicated services and contribution.

Ng See Wah

Chairman

Hong Kong, 29 June 2012



CORPORATE GOVERNANCE REPORT

The company is committed to maintaining highest standards of corporate governance practice emphasising 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 2012:

1. The group has not designated any chief executive. In normal practice, prior approvals by all executive directors are required for all strategic decisions in formal board meeting or under written resolutions. The group believes that the existing organisation and decision making procedures are adequate for the group to cope with the ever-changing economic environment;
2. The non-executive and independent non-executive directors of the company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the company; and
3. Directors appointed to fill casual vacancy are not subject to election by shareholders at the first general meeting after their appointment. They will hold office until the next annual general meeting in which they are eligible for re-election.

REVISED CORPORATE GOVERNANCE CODE

On 13 March 2012, the company revised and adopted its own code of practice which essentially follows most of the new/revised Code Provisions and the relevant new/revised Recommended Best Practices under the Corporate Governance Code and Corporate Governance Report (“the revised Code”) contained in Appendix 14 of the Listing Rules, which is effective from 1 April 2012.

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.



CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

As at 31 March 2012, the board comprised eight directors, including three executive directors (one of them is chairman of the board), two non-executive directors and three independent non-executive directors. Biographical details of the directors are set out in the section "Directors and Senior Management" on pages 3 and 4.

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

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

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

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

	Scheduled board meetings	Audit committee meetings	Remuneration committee meetings	Nomination committee meetings (i)	Corporate governance committee meetings (i)	AGM 2011
Executive directors						
Mr. Ng See Wah	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Ng Tai Wai	4/4	N/A	2/2	N/A	N/A	1/1
Mr. Ng Tai Yin, Victor	4/4	N/A	N/A	N/A	N/A	1/1
Non-executive directors						
Mr. So Kwok Leung	4/4	N/A	N/A	N/A	N/A	1/1
Mr. So Kwok Wai, Benjamin	4/4	2/2	N/A	N/A	N/A	1/1
Independent non-executive directors						
Dr. Loke Yu alias Loke Hoi Lam	4/4	2/2	2/2	N/A	N/A	1/1
Mr. Ng Chi Yeung, Simon	4/4	2/2	2/2	N/A	N/A	1/1
Ms. Chan Suit Fei, Esther	4/4	2/2	2/2	N/A	N/A	1/1



CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS *(Continued)*

- (i) As the nomination committee and the corporate governance committee have been newly set up since 13 March 2012, no committee meeting was held during the year.
- (ii) 4/4 denotes attendance of 4 out of total of 4 meetings, and so on.
- (iii) N/A – not applicable

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

CHAIRMAN AND CHIEF EXECUTIVE

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

The chairman directed the company secretary to draw up the agenda for each board meeting. With the assistance of the directors and the company secretary, the chairman ensured that all directors were properly briefed on the issues discussed at the board meetings and all directors received adequate, complete and reliable information in a timely manner.

The role of chief executive was jointly performed by the 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 terms of reference of the remuneration committee align with the code provisions of the revised Code which is effective from 1 April 2012. The committee reviews the remuneration package of the executive directors, non-executive directors and senior management, and makes appropriate recommendations to the board. Staff remuneration is determined by the group's management by reference to their qualification, work experience, performance and prevailing market conditions.

The chairman of the remuneration committee is Mr. Ng Chi Yeung, Simon and the committee members are Dr. Loke Yu alias Loke Hoi Lam, Mr. Ng Tai Wai and Ms. Chan Suit Fei, Esther.

During the year, two meetings of the committee were held with 100% attendance rate. Individual attendance of member is shown on page 8 in the section "Board of directors".

The work performed by the remuneration committee during the year included recommending percentage of salary increment for all executive directors and senior management of the company.



CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The nomination committee, consisting of three independent non-executive directors and one executive director, has been established since 13 March 2012. The terms of reference of the nomination committee align with the code provisions of the revised Code which is effective from 1 April 2012.

The chairman of the nomination committee is Ms. Chan Suit Fei, Esther and the committee members are Dr. Loke Yu alias Loke Hoi Lam, Mr. Ng Chi Yeung Simon and Mr. Ng Tai Yin Victor.

During the year, no meeting was held by the committee and the nomination and selection processes were 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. 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 are 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 was considered in one of the regular board meetings with 100% attendance rate. Attendance of individual member is shown on page 8 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.

AUDIT COMMITTEE

The audit committee currently consists of three independent non-executive directors and one non-executive director. The chairman of the audit committee is Dr. Loke Yu alias Loke Hoi Lam and the committee members are Mr. Ng Chi Yeung, Simon, Mr. So Kwok Wai, Benjamin, and Ms. Chan Suit Fei, Esther. The terms of reference of the audit committee align with the code provisions of the revised Code.

During the year, two meetings were held with 100% attendance rate. Attendance of individual member is shown on page 8 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; and
- Review of the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programs and budget.



CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE COMMITTEE

The corporate governance committee, consisting of three independent non-executive directors, one executive director and one non-executive director, has been established since 13 March 2012. The terms of reference of the corporate governance committee align with the code provisions of the revised Code which is effective from 1 April 2012.

The chairman of the corporate governance committee is Dr. Loke Yu alias Loke Hoi Lam and the committee members are Mr. Ng Chi Yeung Simon, Ms. Chan Suit Fei, Esther, Mr. Ng Tai Wai and Mr. So Kwok Leung.

During the year, no meeting was held by the committee and the first meeting will be held on 29 June 2012.

AUDITORS' REMUNERATION

An analysis of remuneration in respect of audit and non-audit services, which included taxation, review of interim accounts and advisory services, provided by the auditors and its common control entity during the year ended 31 March 2012 is as follows:

	HK\$
Audit fee	181,000
Other non-audit services	
Taxation services	14,000
Interim review	26,000
	40,000
Other non-audit professional services provided by affiliated company	56,257
Total	277,257

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 2012.

PRINCIPAL ACTIVITIES

The principal activities of the company and its subsidiaries are property and share investments, property development and securities dealing. There were no significant changes in the nature of the activities during the year.

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

FINANCIAL STATEMENTS

The results of the group for the year ended 31 March 2012 and the state of affairs of the company and of the group at that date are set out in the financial statements on pages 19 to 53.

DIVIDENDS

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

The directors now recommend that a final dividend of HK\$0.10 per share on 40,000,000 shares in issue totaling HK\$4,000,000 be payable in respect of the year ended 31 March 2012.

DONATIONS

No charitable donations was made by the group during the year (2011: HK\$10,000).

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.

RESERVES

The movements in reserves of the group and the company during the year are set out in note 23 to the financial statements.

SUBSIDIARIES

The particulars of the subsidiaries of the company as at 31 March 2012 are set out in note 16 to the financial statements.



DIRECTORS' REPORT

DIRECTORS

The directors who held office during the year are:–

Executive directors:

Ng See Wah

Ng Tai Wai

Ng Tai Yin, Victor

Non-executive directors:

So Kwok Leung

So Kwok Wai, Benjamin

Independent non-executive directors:

Loke Yu alias Loke Hoi Lam

Ng Chi Yeung, Simon

Chan Suit Fei, Esther

Alternate director:

Ng Kwok Fun (Alternate director to Mr. Ng See Wah)

In accordance with articles 110 and 111 of the company's articles of association, Mr. Ng See Wah, Mr. So Kwok Leung and Ms. Chan Suit Fei Esther will retire by rotation and, being eligible, offer themselves for re-election.

The company has received confirmation from each of the independent non-executive directors as regards their independence 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 2012, 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") are as follows:

	Number of shares held				Total
	Personal interests	Family interests	Corporate interests	Other interests	
Executive directors:					
Ng See Wah	7,941,423	910,000	3,370,500*	–	12,221,923
Ng Tai Wai	3,899,077	–	3,370,500*	–	7,269,577
Ng Tai Yin, Victor	1,886,000	–	–	–	1,886,000
Non-executive directors:					
So Kwok Leung	5,961,077	–	–	–	5,961,077
So Kwok Wai, Benjamin	1,081,500	36,000	–	–	1,117,500
Independent non-executive directors:					
Loke Yu alias Loke Hoi Lam	–	–	–	–	–
Ng Chi Yeung, Simon	–	–	–	–	–
Chan Suit Fei, Esther	–	–	–	–	–
Alternate director:					
Ng Kwok Fun	105,000	–	–	–	105,000

* 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

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2012, the following person (other than certain directors of the company) had interest or short positions in the shares or underlying shares of the company which have rights to exercise or control the exercise of 5% or more of the voting power at any general meetings of the company, as recorded in the register required to be kept by the company pursuant to section 336 of the SFO:

Name	Personal interests	Number of shares held		% of total Issued share
		Family interests	Total	
Soo Cho Ling (deceased)	3,908,423	250,000	4,158,423	10.40%

Save as disclosed above, according to the register kept by the company under section 336 of the SFO and so far as was known to the company, there was no other person who, as at 31 March 2012, had an interest or short position in the shares or underlying shares of the company.

DIRECTORS' INTERESTS IN CONTRACTS

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

None of the directors had any arrangement with the company or its subsidiaries to enable them to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate during or at the end of the year.

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.

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.



DIRECTORS' REPORT

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 2012 attributable to the largest tenant and the five largest tenants in aggregate were 25% and 59% respectively.

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

The group had no significant purchases during the year.

RETIREMENT SCHEME

Particulars of the retirement scheme are set out in note 4.12 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, 29 June 2012



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 19 to 53, which comprise the consolidated and company statements of financial position as at 31 March 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated financial statements.

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

INDEPENDENT AUDITORS' REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the company and the group as at 31 March 2012 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, 29 June 2012

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 HK\$	2011 HK\$
Revenue	6	18,473,180	18,567,485
Other revenue	7	132,540	214,545
Other net (loss)/income	7	(13,484,678)	3,193,056
Fair value gain on investment properties		41,050,000	59,088,020
Administrative and general expenses		(5,875,424)	(5,187,831)
Profit before taxation	8	40,295,618	75,875,275
Taxation	11	(7,214,046)	(9,974,275)
Profit after taxation attributable to the equity shareholders of the company		33,081,572	65,901,000
Earnings per share (Basic and diluted)	12	HK\$0.827	HK\$1.648

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2012

	2012 HK\$	2011 HK\$
Profit for the year	33,081,572	65,901,000
Other comprehensive income for the year		
(Decrease)/increase in fair value of available-for-sale financial assets	(12,759,519)	6,347,052
Reclassification adjustment relating to disposal of available-for-sale financial assets	-	(728,364)
	(12,759,519)	5,618,688
Total comprehensive income, net of tax, for the year attributable to equity shareholders of the company	20,322,053	71,519,688

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2012

	Notes	2012		2011	
		HK\$	HK\$	HK\$	HK\$
ASSETS					
Non-current assets					
Property, plant and equipment	13		2,200,191		2,276,138
Investment properties	14		335,850,000		294,800,000
Properties held for or under development	15		9,900,000		9,900,000
Available-for-sale financial assets – equity shares listed in Hong Kong			89,492,196		99,220,565
			437,442,387		406,196,703
Current assets					
Trading securities – equity shares listed in Hong Kong			47,661,182		57,673,336
Trade and other receivables	17		1,367,421		1,226,774
Tax recoverable			284,255		100,366
Cash and bank balances	18		12,681,273	61,994,131	12,379,042
					71,379,518
Current liabilities					
Trade and other payables	19		4,524,956		3,431,429
Tax payable			116,562		727,350
Provision for long service payments	20		900,400	(5,541,918)	888,200
					(5,046,979)
Net current assets			56,452,213		66,332,539
Total assets less current liabilities			493,894,600		472,529,242
Non-current liabilities					
Provision for long service payments	20		221,500		205,000
Deferred taxation	21		29,540,748	(29,762,248)	23,754,548
					(23,959,548)
NET ASSETS			464,132,352		448,569,694
CAPITAL AND RESERVES					
Share capital	22		40,000,000		40,000,000
Reserves	23		424,132,352		408,569,694
			464,132,352		448,569,694

Approved by the board of directors on 29 June 2012

Ng See Wah
DirectorSo Kwok Leung
Director

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2012

	Notes	2012		2011	
		HK\$	HK\$	HK\$	HK\$
ASSETS					
Non-current assets					
Property, plant and equipment	13		20,738		23,042
Investment properties	14		3,250,000		2,900,000
Interests in subsidiaries	16		136,953,734		136,501,295
			140,224,472		139,424,337
Current assets					
Trading securities – equity shares listed in Hong Kong			47,661,182		57,673,336
Trade and other receivables	17		501,732		505,108
Tax recoverable			247,489		100,366
Cash and bank balances	18		11,865,128	60,275,531	11,217,126
					69,495,936
Current liabilities					
Trade and other payables	19		1,101,054		957,121
Provision for long service payments	20		390,000	(1,491,054)	390,000
					(1,347,121)
Net current assets			58,784,477		68,148,815
Total assets less current liabilities			199,008,949		207,573,152
Non-current liabilities					
Provision for long service payments	20		26,500		13,000
Deferred taxation	21		–	(26,500)	407,195
					(420,195)
NET ASSETS			198,982,449		207,152,957
CAPITAL AND RESERVES					
Share capital	22		40,000,000		40,000,000
Reserves	23		158,982,449		167,152,957
			198,982,449		207,152,957

Approved by the board of directors on 29 June 2012

Ng See Wah
DirectorSo Kwok Leung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2012

	Attributable to equity shareholders of the company				
	Share capital HK\$	Capital reserve HK\$	Fair value reserve HK\$	Retained profits HK\$	Total HK\$
At 1 April 2010	40,000,000	251,046	35,329,358	306,428,942	382,009,346
Profit for the year	-	-	-	65,901,000	65,901,000
Other comprehensive income for the year					
– Increase in fair value of available-for-sale financial assets	-	-	6,347,052	-	6,347,052
– Reclassification adjustment relating to disposal of available-for-sale financial assets	-	-	(728,364)	-	(728,364)
Total comprehensive income	-	-	5,618,688	65,901,000	71,519,688
Dividends paid					
– 2009/10 final dividend (HK\$0.10 per share)	-	-	-	(4,000,000)	(4,000,000)
– 2010/11 interim dividend (HK\$0.025 per share)	-	-	-	(1,000,000)	(1,000,000)
Unclaimed dividend forfeited	-	-	-	40,660	40,660
At 31 March 2011 and 1 April 2011	40,000,000	251,046	40,948,046	367,370,602	448,569,694
Profit for the year	-	-	-	33,081,572	33,081,572
Other comprehensive income for the year					
– Decrease in fair value of available-for-sale financial assets	-	-	(12,759,519)	-	(12,759,519)
Total comprehensive income	-	-	(12,759,519)	33,081,572	20,322,053
Dividends paid					
– 2010/11 final dividend (HK\$0.10 per share)	-	-	-	(4,000,000)	(4,000,000)
– 2011/12 interim dividend (HK\$0.02 per share)	-	-	-	(800,000)	(800,000)
Unclaimed dividend forfeited	-	-	-	40,605	40,605
At 31 March 2012	40,000,000	251,046	28,188,527	395,692,779	464,132,352

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2012

	Note	2012 HK\$	2011 HK\$
Operating activities			
Profit before taxation		40,295,618	75,875,275
Adjustments for:			
Gain on disposal of available-for-sale financial assets		-	(1,392,984)
Fair value loss on properties held for or under development		33,000	30,000
Fair value loss/(gain) on trading securities		13,451,678	(1,830,072)
Fair value gain on investment properties		(41,050,000)	(59,088,020)
Holding gain on trading securities realised		-	289,320
Interest income		(30,540)	(130,545)
Changes in provision for long service payments		28,700	(252,500)
Depreciation		87,652	88,271
Loss on disposal of property, plant and equipment		6,045	1,201
Operating profit before working capital changes		12,822,153	13,589,946
Increase in trading securities		(3,439,524)	(9,756,802)
(Increase)/decrease in trade and other receivables		(140,647)	42,973
Net decrease in time deposits with original maturities over three months		3,000,000	7,000,000
Increase/(decrease) in trade and other payables		1,134,132	(3,563,340)
Cash generated from operations		13,376,114	7,312,777
Profits tax paid		(2,222,523)	(3,174,327)
Net cash generated from operating activities		11,153,591	4,138,450
Investing activities			
Purchase of property, plant and equipment		(17,750)	(28,076)
Purchase of investment properties		-	(70,481,980)
Proceeds from disposal of investment properties		-	20,000,000
Increase in properties held for or under development		(33,000)	(30,000)
Purchase of available-for-sale financial assets		(3,031,150)	(773,136)
Proceeds from disposal of available-for-sale financial assets		-	4,819,575
Interest received		30,540	130,545
Net cash used in investing activities		(3,051,360)	(46,363,072)
Financing activities			
Dividends paid		(4,800,000)	(5,000,000)
Net cash used in financing activities		(4,800,000)	(5,000,000)
Net increase/(decrease) in cash and cash equivalents		3,302,231	(47,224,622)
Cash and cash equivalents at beginning of year		9,379,042	56,603,664
Cash and cash equivalents at end of year	18	12,681,273	9,379,042

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

1. GENERAL INFORMATION

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

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

2. BASIS OF PREPARATION

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

3. ADOPTION OF NEW AND REVISED HKFRSs

In the current year, the group has applied, for the first time the following revised standard, issued by the HKICPA, which is effective for the group's financial year beginning on 1 April 2011.

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplified disclosures for government-related entities. The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

3. ADOPTION OF NEW AND REVISED HKFRSs (Continued)

STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT EFFECTIVE

The HKICPA has issued the following new and revised standards, interpretations and amendments which are not effective for the group's financial statements for the year ended 31 March 2012:

		Effective for accounting periods beginning on or after
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for the First-time Adopters	1 July 2011
HKFRS 1 (Revised)	First-time Adoption of HKFRS – Government loans	1 January 2013
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets	1 July 2011 *
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013 *
HKFRS 9	Financial Instruments	1 January 2015 *
HKFRS 10	Consolidated Financial Statements	1 January 2013
HKFRS 11	Joint Arrangements	1 January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1 January 2013
HKFRS 13	Fair Value Measurement	1 January 2013
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income	1 July 2012
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets	1 January 2012
HKAS 19 (2011)	Employee Benefits	1 January 2013
HKAS 27 (2011)	Separate Financial Statements	1 January 2013
HKAS 28 (2011)	Investments in Associates and Joint Ventures	1 January 2013
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities	1 January 2014
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

* Mandatory effective date extended to 1 January 2015

The group has not early adopted any new or revised standard, amendments or interpretations that are not effective for the current accounting year.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

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 2012. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective date of acquisition or disposal respectively.

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

4.2 SUBSIDIARIES

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

4.3 PROPERTY, PLANT AND EQUIPMENT

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

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

Leasehold building	- 2.5% straight-line basis
Leasehold land	- over the lease term on a straight-line basis
Leasehold improvement	- 10% reducing balance method
Furniture, fixtures and equipment	- 10% reducing balance method

4.4 INVESTMENT PROPERTIES

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

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

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

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

4.5 PROPERTIES HELD FOR OR UNDER DEVELOPMENT

Properties held for or under development are properties being constructed or developed for future use as investment properties, and stated at fair value, when their fair values become reliably determinable. Otherwise, they are stated at cost less impairment loss where appropriate. Gains or losses arising from the changes in the fair values are taken to profit or loss.

4.6 IMPAIRMENT OF ASSETS

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

If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

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

4.7 INVESTMENTS IN EQUITY SECURITIES

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

– **TRADING SECURITIES**

Trading securities are held by the group for short-term or designated as such upon acquisition, except those do not have a quoted market price in an active market and whose fair value cannot be reliably measured. They are carried at fair value in the statement of financial position and changes therein are recognised in profit or loss. When the share investments are sold, the gain or loss representing the difference between the net disposal proceeds and the carrying amount of the share investments is recognised in profit or loss in the period of disposal. The net gain or loss recognised in profit or loss does not include any dividends earned on these investments as they are recognised in accordance with the policies set out in note 4.13.

– **AVAILABLE-FOR-SALE FINANCIAL ASSETS**

Available-for-sale financial assets are share investments, other than investments in subsidiaries, held for long-term or designated as such on initial acquisition. They are initially measured at fair value plus transaction costs, and thereafter at the end of each reporting period the fair value is re-measured. Changes in the fair value are recognised in other comprehensive income and transferred to the fair value reserve. When the share investments are sold, the difference between the net sale proceeds and the carrying value, and the accumulated fair value adjustments recognised in other comprehensive income and retained in the fair value reserve are reclassified from the fair value reserve to profit or loss as a reclassification adjustment.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

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

4.7 INVESTMENTS IN EQUITY SECURITIES *(Continued)*

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

4.8 TRADE AND OTHER RECEIVABLES

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

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

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

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

4.9 TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

4.10 TAXATION

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

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

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

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

4.10 TAXATION *(Continued)*

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 the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. It is charged or credited to profit or loss, except when it relates to items recognised in other comprehensive income.

4.11 PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised 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.

4.12 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 profit or loss as incurred.

4.13 REVENUE RECOGNITION

Net result of trading in securities is recognised on trade date basis.

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

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

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

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

4.14 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.

4.15 RELATED PARTIES

- (i) A person, or a close member of that person's family is related to the group if that person
 - (a) has control or joint control over the group;
 - (b) has significant influence over the group; or
 - (c) is a member of the key management personnel of the group or the group's parent.
- (ii) An entity is related to the group if any of the following conditions applies:
 - (a) the entity and the group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (b) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (c) both entities are joint ventures of the same third party.
 - (d) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (e) the entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the group.
 - (f) the entity is controlled or jointly controlled by a person identified in (i).
 - (g) a person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

4.16 SEGMENT REPORTING

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the group's most senior executive management, the chief operating decision maker, for the purposes of allocating resources to and assessing the performance of, the group's various lines of business.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

5. SEGMENT INFORMATION

For the purpose of assessing segment performance and making decision about operating matters, the group's chief operating decision maker based on the internal reports about operating segments of the group to allocate resources and assess their performance and manage the group's reportable segments.

The group regards the Executive Directors as the chief operating decision maker.

The principal activities of each segment are as follows:

Securities investment	– securities investment for short-term and long term.
Property leasing	– letting properties
Property development	– developing properties

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

	Securities investments		Property leasing		Property development		Consolidated total	
	2012 HK\$	2011 HK\$	2012 HK\$	2011 HK\$	2012 HK\$	2011 HK\$	2012 HK\$	2011 HK\$
INCOME STATEMENT								
Segment revenue	5,080,430	6,759,325	13,392,750	11,808,160	-	-	18,473,180	18,567,485
Segment results	(9,716,163)	7,239,681	9,867,890	8,958,922	47,293	56,961	199,020	16,255,564
Net gain on disposal of available-for-sale financial assets	-	1,392,984	-	-	-	-	-	1,392,984
Fair value gain on investment properties	-	-	41,050,000	59,088,020	-	-	41,050,000	59,088,020
Fair value loss on properties held for or under development	-	-	-	-	(33,000)	(30,000)	(33,000)	(30,000)
Results before interest, tax and corporate expenses	(9,716,163)	8,632,665	50,917,890	68,046,942	14,293	26,961	41,216,020	76,706,568
Interest income							30,540	130,545
Unallocated corporate expenses							(950,942)	(961,838)
Profit before taxation							40,295,618	75,875,275
Taxation							(7,214,046)	(9,974,275)
Profit after taxation							33,081,572	65,901,000

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

The group does not allocate certain corporate expenses to individual reportable segments.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

5. SEGMENT INFORMATION (Continued)

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

	Securities investments		Property leasing		Property development		Consolidated total	
	2012	2011	2012	2011	2012	2011	2012	2011
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
STATEMENT OF FINANCIAL POSITION								
Assets:								
Segment assets	138,151,512	158,358,451	339,252,873	298,090,868	9,939,839	9,950,296	487,344,224	466,399,615
Tax recoverable	247,489	100,366	34,984	–	1,782	–	284,255	100,366
Unallocated corporate assets	–	–	–	–	–	–	11,808,039	11,076,240
	138,399,001	158,458,817	339,287,857	298,090,868	9,941,621	9,950,296	499,436,518	477,576,221
Liabilities:								
Segment liabilities	640,260	669,771	4,073,842	3,063,037	164,000	150,000	4,878,102	3,882,808
Tax payable and deferred taxation	–	–	29,654,699	24,465,398	2,611	16,500	29,657,310	24,481,898
Unallocated corporate liabilities	–	–	–	–	–	–	768,754	641,821
	640,260	669,771	33,728,541	27,528,435	166,611	166,500	35,304,166	29,006,527
OTHER INFORMATION								
Capital expenditure	–	12,945	17,750	70,497,111	33,000	30,000	50,750	70,540,056
Purchase of available-for-sale financial assets	3,031,150	773,136	–	–	–	–	3,031,150	773,136
Depreciation	2,074	2,534	85,578	85,737	–	–	87,652	88,271
Fair value (loss)/gain on trading securities	(13,451,678)	1,830,072	–	–	–	–	(13,451,678)	1,830,072

Segment assets principally comprise all tangible assets and current assets directly attributable to each segment with the exception of certain corporate assets (including fixed deposits and bank accounts). Segment liabilities include all liabilities and borrowings directly attributable to and managed by each segment with the exception of certain corporate liabilities.

6. REVENUE

	The group	
	2012	2011
	HK\$	HK\$
Gross rental income from investment properties	13,392,750	11,808,160
Dividend income from share investments listed in Hong Kong		
– trading securities	1,774,431	1,642,249
– available-for-sale financial assets	3,240,529	3,746,792
	5,014,960	5,389,041
Net result of trading in securities	65,470	1,370,284
	18,473,180	18,567,485

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

7. OTHER REVENUE AND OTHER NET INCOME

	The group	
	2012 HK\$	2011 HK\$
Other revenue		
Bank interest income	30,540	130,545
Sundry income	102,000	84,000
	132,540	214,545
Other net (loss)/income		
Net gain on disposal of available-for-sale financial assets	–	1,392,984
Fair value (loss)/gain on trading securities	(13,451,678)	1,830,072
Fair value loss on properties held for or under development	(33,000)	(30,000)
	(13,484,678)	3,193,056

8. PROFIT BEFORE TAXATION

	The group	
	2012 HK\$	2011 HK\$
Profit before taxation is stated after charging:		
Auditors' remuneration		
– audit services		
– current year	181,000	170,000
– under-provision in prior years	–	5,000
– taxation services	14,000	14,000
– interim review	26,000	26,000
– other non-audit professional services provided by affiliated company	56,257	77,488
Depreciation	87,652	88,271
Direct operating expenses in respect of investment properties		
– that generated rental income	1,018,012	421,019
– that did not generate rental income	30,567	175,448
Loss on disposal of property, plant and equipment	6,045	1,201

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

9. DIRECTORS' REMUNERATION

The remuneration of the directors is as follows:-

	2012			
	Fees HK\$	Other emoluments		Total HK\$
		Salaries and other benefits HK\$	Mandatory provident fund contribution HK\$	
Executive directors –				
Ng See Wah (i)	70,000	1,168,818	–	1,238,818
Ng Tai Wai	70,000	543,064	12,000	625,064
Ng Tai Yin, Victor	70,000	416,976	12,000	498,976
Non-executive directors –				
So Kwok Leung	70,000	–	–	70,000
So Kwok Wai, Benjamin	70,000	–	–	70,000
Independent non-executive directors –				
Loke Yu alias Loke Hoi Lam	70,000	–	–	70,000
Ng Chi Yeung, Simon	70,000	–	–	70,000
Chan Suit Fei, Esther	70,000	–	–	70,000
	560,000	2,128,858	24,000	2,712,858

	2011			
	Fees HK\$	Other emoluments		Total HK\$
		Salaries and other benefits HK\$	Mandatory provident fund contribution HK\$	
Executive directors –				
Ng See Wah (i)	70,000	1,117,628	–	1,187,628
Ng Tai Wai	70,000	519,284	12,000	601,284
Ng Tai Yin, Victor	70,000	389,200	12,000	471,200
Non-executive directors –				
So Kwok Leung	70,000	–	–	70,000
So Kwok Wai, Benjamin	70,000	–	–	70,000
Independent non-executive directors –				
Loke Yu alias Loke Hoi Lam	70,000	–	–	70,000
Ng Chi Yeung, Simon	70,000	–	–	70,000
Chan Suit Fei, Esther	70,000	–	–	70,000
	560,000	2,026,112	24,000	2,610,112

Note:

- (i) No remuneration was made to Ng Kwok Fun (alternate director to Ng See Wah) during the year.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

10. STAFF COST

	The group	
	2012 HK\$	2011 HK\$
Directors' fees and salaries	2,688,858	2,586,112
Salaries and other benefits	917,965	967,806
Mandatory provident fund contribution	59,311	57,866
Provision for long service payments	28,700	(132,670)
	3,694,834	3,479,114

Among the five highest paid individuals of the group, three (2011: three) are executive directors whose emoluments are set out in note 9 to the financial statements. The emoluments of the other two (2011: two) individuals are as follows:-

	The group	
	2012 HK\$	2011 HK\$
Salaries	622,455	665,930
Mandatory provident fund contribution	23,900	22,000
	646,355	687,930

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

11. TAXATION

	The group	
	2012 HK\$	2011 HK\$
Current income tax		
Provision for Hong Kong Profits Tax for current year	1,427,400	1,818,500
Under/(over)-provision for prior year	446	(3,640)
	1,427,846	1,814,860
Deferred tax		
Origination and reversal of temporary differences	5,786,200	8,159,415
Total income tax	7,214,046	9,974,275

Provision for Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) on the estimated assessable profit for the year.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

11. TAXATION *(Continued)***RECONCILIATION BETWEEN INCOME TAX AND ACCOUNTING PROFIT AT APPLICABLE TAX RATE**

	The group	
	2012 HK\$	2011 HK\$
Profit before taxation	40,295,618	75,875,275
Notional tax on profit before taxation, calculated at Hong Kong Profits Tax rate of 16.5% (2011: 16.5%)	6,648,775	12,519,419
Tax effect of non-deductible expenses	16,564	602,211
Tax effect of non-taxable revenue	(832,507)	(1,140,574)
Tax effect of unused tax losses and unrecognised deductible temporary differences utilised	(574,124)	(403)
Tax effect of unused current tax losses not recognised	1,953,531	–
Tax released on disposal of investment properties	–	(2,002,125)
Others	1,807	(4,253)
Income tax	7,214,046	9,974,275

12. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the consolidated profit after tax of HK\$33,081,572 (2011: HK\$65,901,000) and on 40,000,000 (2011: 40,000,000) ordinary shares in issue during the year.

Diluted earnings per share equals to the basic earnings per share as the company had no dilutive potential financial instrument in issue during the year (2011: Nil).

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

13. PROPERTY, PLANT AND EQUIPMENT

The group	Leasehold land and building	Leasehold improvement	Furniture, fixtures and equipment	Total
	HK\$	HK\$	HK\$	HK\$
Cost				
As 1 April 2010	3,758,960	570,900	182,363	4,512,223
Additions	–	–	28,076	28,076
Disposals	–	–	(8,000)	(8,000)
<hr/>				
At 31 March 2011 and 1 April 2011	3,758,960	570,900	202,439	4,532,299
Additions	–	–	17,750	17,750
Disposals	–	–	(12,050)	(12,050)
<hr/>				
At 31 March 2012	3,758,960	570,900	208,139	4,537,999
<hr/>				
Aggregate depreciation				
At 1 April 2010	1,573,531	469,744	131,414	2,174,689
Charge for the year	70,374	10,115	7,782	88,271
Written back on disposals	–	–	(6,799)	(6,799)
<hr/>				
At 31 March 2011 and 1 April 2011	1,643,905	479,859	132,397	2,256,161
Charge for the year	70,373	9,104	8,175	87,652
Written back on disposals	–	–	(6,005)	(6,005)
<hr/>				
At 31 March 2012	(1,714,278)	(488,963)	(134,567)	(2,337,808)
<hr/>				
Net book value				
At 31 March 2012	2,044,682	81,937	73,572	2,200,191
<hr/>				
At 31 March 2011	2,115,055	91,041	70,042	2,276,138
<hr/>				

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

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

The company	Furniture, fixtures and equipment	
	2012	2011
	HK\$	HK\$
Cost		
At the beginning of the year	53,785	40,709
Additions	-	13,076
At the end of the year	53,785	53,785
Aggregate depreciation		
At the beginning of the year	30,743	28,183
Charge for the year	2,304	2,560
At the end of the year	(33,047)	(30,743)
Net book value	20,738	23,042

14. INVESTMENT PROPERTIES

	The group		The company	
	2012	2011	2012	2011
	HK\$	HK\$	HK\$	HK\$
Fair value				
At the beginning of the year	294,800,000	185,230,000	2,900,000	2,830,000
Additions	-	70,481,980	-	-
Disposals	-	(20,000,000)	-	-
Increase in fair value	41,050,000	59,088,020	350,000	70,000
At the end of the year	335,850,000	294,800,000	3,250,000	2,900,000

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

	The group		The company	
	2012	2011	2012	2011
	HK\$	HK\$	HK\$	HK\$
Medium term leases	231,600,000	203,750,000	3,250,000	2,900,000
Long leases	104,250,000	91,050,000	-	-
	335,850,000	294,800,000	3,250,000	2,900,000

The group's investment properties were revalued on 31 March 2012 by RHL Appraisal Limited, an independent firm of professional surveyors, on an open market value basis. In determining the fair value of the investment properties, the surveyors use assumptions and estimates that reflect, amongst other things, comparable market transactions, rental income from current leases and assumption about rental income from future leases in the light of current market conditions.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

15. PROPERTIES HELD FOR OR UNDER DEVELOPMENT

	The group	
	2012 HK\$	2011 HK\$
Valuation		
At the beginning of the year	9,900,000	9,900,000
Additions	33,000	30,000
Decrease in fair value	(33,000)	(30,000)
At the end of the year	9,900,000	9,900,000

The properties held for or under development are situated in Hong Kong and held under medium term leases. The properties were revalued at 31 March 2012 by RHL Appraisal Limited, an independent firm of professional surveyors, on an open market value basis in its existing state in accordance with valuation standards on properties issued by Hong Kong Institute of Surveyors.

16. INTERESTS IN SUBSIDIARIES

	The company	
	2012 HK\$	2011 HK\$
Unlisted investments at cost	6,471,102	6,471,102
(a) Advances to subsidiaries		
– Interest free	120,965,189	123,060,976
– Interest bearing	42,717,314	44,637,313
Provision for impairment loss	163,682,503 (19,691,933)	167,698,289 (22,961,358)
	143,990,570	144,736,931
(b) Advances from subsidiaries		
– Interest free	(13,507,938)	(14,706,738)
Total	136,953,734	136,501,295

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

16. INTERESTS IN SUBSIDIARIES (Continued)

Particulars of the subsidiaries at the end of the reporting period 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	Property investment	10,000	100%
Hing Shing Far East Development Limited	Hong Kong	Share investment	10,000	100%
Konchoy Limited	Hong Kong	Property investment	2	100%
Wang Fung Far East Development Limited	Hong Kong	Property investment/ development	10,000	100%
Winful Far East Limited	Hong Kong	Property investment/ development	100	100%
Yick Fu Investment Company Limited	Hong Kong	Property investment	1,800,000	100%
YLH Limited	Hong Kong	Property investment	10,000	100%

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

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

	The company	
	2012 HK\$	2011 HK\$
At the beginning of the year	22,961,358	19,713,346
Impairment loss (written back)/charged for the year	(3,269,425)	3,248,012
At the end of the year	19,691,933	22,961,358

At 31 March 2012, the amounts due from subsidiaries were individually determined to be impaired on the basis of the net assets of the subsidiaries. The company does not hold any collateral over these balances. Amounts due from subsidiaries that are not impaired are HK\$134,215,560 (2011: HK\$68,137,127).

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

17. TRADE AND OTHER RECEIVABLES

	The group		The company	
	2012 HK\$	2011 HK\$	2012 HK\$	2011 HK\$
Rental receivables	211,513	149,015	–	–
Other receivables	783,782	698,556	356,783	361,527
Rental and receivables, unimpaired	995,295	847,571	356,783	361,527
Deposits and prepayments	372,126	379,203	144,949	143,581
	1,367,421	1,226,774	501,732	505,108

The rental and other receivables of the group and the company were current and within normal credit period of 3 months. Further details on the credit policy are set out in note 28(a). The group does not hold any collateral over these balances.

18. CASH AND BANK BALANCES

	The group		The company	
	2012 HK\$	2011 HK\$	2012 HK\$	2011 HK\$
Time deposits with original maturities				
– over 3 months	–	3,000,000	–	3,000,000
Cash at banks and in hand	12,681,273	9,379,042	11,865,128	8,217,126
	12,681,273	12,379,042	11,865,128	11,217,126

Cash and cash equivalents are as follows:

	The group		The company	
	2012 HK\$	2011 HK\$	2012 HK\$	2011 HK\$
Cash at banks and in hand	12,681,273	9,379,042	11,865,128	8,217,126
	12,681,273	9,379,042	11,865,128	8,217,126

As at 31 March 2011, the time deposits had a term for original maturity of 12 months and bore interest at 1% per annum.

Cash at banks of the group and the company amounting to HK\$11,171,610 (2011: HK\$7,496,541) earns interest at floating rates based on daily bank deposits rates.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

19. TRADE AND OTHER PAYABLES

	The group		The company	
	2012 HK\$	2011 HK\$	2012 HK\$	2011 HK\$
Rental deposits received	2,346,473	2,035,550	52,400	50,000
Receipts in advance	666,132	83,741	–	4,500
Unclaimed dividends	523,275	424,820	523,275	424,820
Accrued expenses	989,076	887,318	525,379	477,801
	4,524,956	3,431,429	1,101,054	957,121

20. PROVISION FOR LONG SERVICE PAYMENTS

	The group		The company	
	2012 HK\$	2011 HK\$	2012 HK\$	2011 HK\$
At the beginning of the year	1,093,200	1,345,700	403,000	600,000
Provision charged/(reversed) for the year	28,700	(132,670)	13,500	(77,170)
Utilised during the year	–	(119,830)	–	(119,830)
At the end of the year	1,121,900	1,093,200	416,500	403,000
Classification in the statement of financial position:				
Current	900,400	888,200	390,000	390,000
Non-current	221,500	205,000	26,500	13,000
	1,121,900	1,093,200	416,500	403,000

Provision for long service payments is made for all employees, including the directors, who had worked under continuous contract for a minimum of five years as at the end of the reporting period, and is calculated in accordance with the provisions of the Hong Kong Employment Ordinance. The employees will only be entitled to the long service payments when the conditions under the Hong Kong Employment Ordinance are met upon termination of employment.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

21. DEFERRED TAXATION

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

The group

Deferred tax arising from:	Property revaluation surplus	Accelerated depreciation allowances	Unused tax losses	Total
	HK\$	HK\$	HK\$	HK\$
At 1 April 2010	14,844,406	781,998	(31,271)	15,595,133
Charged/(credited) to profit or loss	8,321,925	(193,781)	31,271	8,159,415
At 31 March 2011 and 1 April 2011	23,166,331	588,217	–	23,754,548
Charged to profit or loss	5,737,391	48,809	–	5,786,200
At 31 March 2012	28,903,722	637,026	–	29,540,748

The company

Deferred tax arising from:	Property revaluation surplus	Accelerated depreciation allowances	Unused tax losses	Total
	HK\$	HK\$	HK\$	HK\$
At 1 April 2010	392,032	1,830	–	393,862
Charged to profit or loss	11,550	1,783	–	13,333
At 31 March 2011 and 1 April 2011	403,582	3,613	–	407,195
Credited to profit or loss	(403,582)	(3,613)	–	(407,195)
At 31 March 2012	–	–	–	–

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

21. DEFERRED TAXATION *(Continued)***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	
	2012 HK\$	2011 HK\$	2012 HK\$	2011 HK\$
Deductible temporary difference in respect of deficit on revaluation of investment properties or property held for or under development	18,867,334	6,587,206	–	–
Unused tax loss	11,839,586	–	11,824,861	–
	30,706,920	6,587,206	11,824,861	–

22. SHARE CAPITAL

	2012		2011	
	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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

23. RESERVES**The Group**

	Notes	Capital reserve HK\$	Fair value reserve HK\$	Retained profits HK\$	Total HK\$
At 1 April 2010		251,046	35,329,358	306,428,942	342,009,346
Profit for the year		–	–	65,901,000	65,901,000
Increase in fair value of available-for-sale financial assets		–	6,347,052	–	6,347,052
Transfer to profit or loss upon disposal of available-for-sale financial assets		–	(728,364)	–	(728,364)
Dividends paid	24	–	–	(5,000,000)	(5,000,000)
Unclaimed dividend forfeited	24	–	–	40,660	40,660
At 31 March 2011 and 1 April 2011		251,046	40,948,046	367,370,602	408,569,694
Profit for the year		–	–	33,081,572	33,081,572
Decrease in fair value of available-for-sale financial assets		–	(12,759,519)	–	(12,759,519)
Dividends paid	24	–	–	(4,800,000)	(4,800,000)
Unclaimed dividend forfeited	24	–	–	40,605	40,605
At 31 March 2012		251,046	28,188,527	395,692,779	424,132,352

The company	Retained profits	
	2012 HK\$	2011 HK\$
At the beginning of the year	167,152,957	166,380,430
(Loss)/profit for the year	(3,411,113)	5,731,867
Dividends paid	(4,800,000)	(5,000,000)
Unclaimed dividend forfeited	40,605	40,660
At the end of the year	158,982,449	167,152,957

Distributable reserves of the company at the end of the reporting period, calculated under section 79B of the Hong Kong Companies Ordinance amounted to HK\$157,546,601 (2011: HK\$166,470,691).

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

24. DIVIDENDS

	2012	2011
	HK\$	HK\$
Dividends attributable to the year –		
Interim dividend at HK\$0.02 (2011: HK\$0.025) per share paid during the year	800,000	1,000,000
Final dividend at HK\$0.10 (2011: HK\$0.10) per share proposed after the reporting period	4,000,000	4,000,000
	4,800,000	5,000,000
Unclaimed dividend forfeited (Note (a))	(40,605)	(40,660)
	4,759,395	4,959,340

Note (a) Pursuant to Article 145 of the Articles of Association of the company, on 13 March 2012, the board of directors resolved that the dividends for the financial years 2004/05 to 2005/06 amounting to HK\$40,605 payable on or before 17 January 2006 remained unclaimed on 13 March 2012 be forfeited and recognised in the equity.

Note (b) The final dividend proposed after the reporting period has not been recognised as a liability at the end of the reporting period.

25. (LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS

	The company	
	2012	2011
	HK\$	HK\$
(Loss)/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 (2011: HK\$5,400,000)	(3,411,113)	5,731,867

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

26. OPERATING LEASE ARRANGEMENTS

At the end of the reporting period, the total future minimum lease receipts under non-cancellable operating leases for the following periods were:-

	The group		The company	
	2012 HK\$	2011 HK\$	2012 HK\$	2011 HK\$
Not later than one year	12,012,845	10,645,850	225,400	96,000
Later than one year and not later than five years	3,915,940	8,068,658	10,400	39,000
	15,928,785	18,714,508	235,800	135,000

The operating leases normally run from one to three years.

27. CAPITAL MANAGEMENT

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

28. FINANCIAL INSTRUMENTS

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

(a) CREDIT RISK

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

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

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

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

(b) LIQUIDITY RISK

The group regularly and closely monitors its current and expected liquidity position to ensure adequate funds are available for its short term and long term requirements. Management believes that the group has sound liquidity position and has sufficient cash reserve for its operations and capital commitment obligation.

The following table details the remaining contractual maturities at the end of the reporting period of the group's and the company's non-derivative financial liabilities, which is based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date of payment by the group and the company:

The group	Carrying amounts HK\$	Total undiscounted cash flow HK\$	Within 1 year or on demand HK\$	More than	More than	More
				1 year but less than 2 years HK\$	2 years but less than 5 years HK\$	than 5 years HK\$
At 31 March 2012						
Rental deposit received	2,346,473	2,346,473	2,346,473	-	-	-
Unclaimed dividends	523,275	523,275	523,275	-	-	-
	2,869,748	2,869,748	2,869,748	-	-	-
At 31 March 2011						
Rental deposit received	2,035,550	2,035,550	2,035,550	-	-	-
Unclaimed dividends	424,820	424,820	424,820	-	-	-
	2,460,370	2,460,370	2,460,370	-	-	-

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

28. FINANCIAL INSTRUMENTS (Continued)

(b) LIQUIDITY RISK (Continued)

The company	Carrying amounts HK\$	Total undiscounted cash flow HK\$	Within 1 year or on demand HK\$	More than 1 year but less than 2 years HK\$	More than 2 years but less than 5 years HK\$	More than 5 years HK\$
At 31 March 2012						
Rental deposit received	52,400	52,400	52,400	-	-	-
Unclaimed dividends	523,275	523,275	523,275	-	-	-
	575,675	575,675	575,675	-	-	-
At 31 March 2011						
Rental deposit received	50,000	50,000	50,000	-	-	-
Unclaimed dividends	424,820	424,820	424,820	-	-	-
	474,820	474,820	474,820	-	-	-

(c) CASH FLOW INTEREST RATE RISK

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

As at 31 March 2012, the group and the company had no significant interest-bearing borrowings. The management considers that the risk is limited as the range of interest rates fluctuations is not significant and accordingly, the sensitivity analysis is not presented.

(d) PRICE RISK

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

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

28. FINANCIAL INSTRUMENTS *(Continued)*

(d) **PRICE RISK** *(Continued)*

Management monitors the market conditions and securities price fluctuation and responds so as to minimise adverse effects on the group's financial performance. At the end of the reporting period, the approximate change in the group's profit or loss and other comprehensive income in response to reasonably possible changes of an increase/decrease in relevant prices of the listed investments by 10% is as the follows:

- profit or loss for the year and retained profits would increase/decrease by approximately HK\$4.8 million (2011: HK\$4.8 million) due to increase/decrease in the fair value of trading securities.
- total equity would increase/decrease by approximately HK\$8.9 million (2011: HK\$9.9 million) due to increase/decrease in fair value of available-for-sale financial investments.

The sensitivity analysis has been determined assuming that the reasonably possible changes in listed shares prices had increased/decreased by 10% with all other variables held constant at the end of reporting period. The changes represent management's assessment of reasonably possible changes in the relevant share prices over the period until the next financial year end. The analysis is performed on the same basis for 2011.

(e) **FAIR VALUE ESTIMATION**

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

The fair values of group's listed investments traded in active market are quoted market price at the end of the reporting period. Unlisted investments in subsidiaries of which fair values cannot be reliably measured are stated at cost less impairment losses.

(f) **FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE**

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 7 "Financial Instruments: Disclosures" with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

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

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

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

28. FINANCIAL INSTRUMENTS (Continued)**(f) FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE** (Continued)

	Level 1	Level 2	Level 3	Total
The group	HK\$	HK\$	HK\$	HK\$
As at 31 March 2012				
Available-for-sale financial assets				
– listed shares in HK	89,492,196	–	–	89,492,196
Trading securities				
– listed shares in HK	47,661,182	–	–	47,661,182
	137,153,378	–	–	137,153,378
As at 31 March 2011				
Available-for-sale financial assets				
– listed shares in HK	99,220,565	–	–	99,220,565
Trading securities				
– listed shares in HK	57,673,336	–	–	57,673,336
	156,893,901	–	–	156,893,901
The company				
	HK\$	HK\$	HK\$	HK\$
As at 31 March 2012				
Trading securities				
– listed shares in HK	47,661,182	–	–	47,661,182
As at 31 March 2011				
Trading securities				
– listed shares in HK	57,673,336	–	–	57,673,336

During the year, there was no transfer of financial instruments between different levels of fair value hierarchy.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

29. EVENTS AFTER THE END OF REPORTING PERIOD

In April 2012, the group entered into agreement with independent third parties to acquire the property located at ground floor including mezzanine floor at No. 76 Waterloo Road, Kowloon at the consideration of HK\$34,500,000. The transaction was completed on 28 June 2012. The acquisition was partially financed by bank mortgage loan of HK\$17,250,000.

In mid June 2012, the group disposed certain listed shares which are classified as “available-for-sale financial assets” at a total consideration of approximately HK\$6,400,000.

On 25 June 2012, the group entered into two provisional agreements for sale and purchase with independent third parties to sell the properties located at ground floor on Nos. 19, 21 and 23 Nam Kok Road, Kowloon at a total consideration of HK\$75,000,000. The transaction is expected to be completed on or before 28 September 2012.

Up to 28 June 2012, the market value of the group’s shares dropped by approximately HK\$5.6 million, following a decline in Hong Kong Heng Seng Index to the same period.

SCHEDULE OF PROPERTIES HELD BY THE GROUP

AS AT 31 MARCH 2012

(A) PROPERTIES HELD FOR OR UNDER DEVELOPMENT

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

* No significant development progress

(B) PROPERTIES HELD FOR INVESTMENT

	Location	Lot No.	Usage	Group's interest	Lease term
(1)	Wing Tak Building, Nos. 18-22 Fan Wa Street, Cha Kwo Ling, Kowloon:- Shops A and C on ground floor and shops B and C on basement floor	New Kowloon Inland Lot No. 4914	Commercial	100%	Medium
(2)	Winfair Building, Nos. 6-10B, Yuk Wah Crescent, Tsz Wan Shan, Kowloon:- Shops 1-10 on lower ground floor, shops 1-6 on ground floor, 1st and 2nd floor	New Kowloon Inland Lot No. 5762	Commercial	100%	Medium
(3)	Wing Shing Building, Nos. 70-82 Sheung Fung Street, Tsz Wan Shan, Kowloon:- Shops A and B on ground floor and Stores A and B on mezzanine floor	New Kowloon Inland Lot No. 5020	Commercial	100%	Medium
(4)	Lee Kiu Building, No. 51 Jordan Road, Kowloon:- Office No. A on 4th floor	Kowloon Inland Lot No. 9894	Commercial	100%	Medium
(5)	Metropolitan Factory and Warehouse Building, Nos. 30-32 Chai Wan Kok Street, Tsuen Wan, New Territories:- Flat B on 5th and 6th floor	Sec. B of Tsuen Wan Inland Lot. No. 34	Industrial	100%	Medium
(6)	No. 238 Electric Road, North Point, Hong Kong:- 4th floor	Sec. C of Inland Lot No. 1618	Residential	100%	Medium

SCHEDULE OF PROPERTIES HELD BY THE GROUP

AS AT 31 MARCH 2012

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

	Location	Lot No.	Usage	Group's interest	Lease term
(7)	No. 96 Bonham Strand East, Sheung Wan, Hong Kong	Sec. E. of Inland Lot No. 863	Residential & Commercial	100%	Long
(8)	No. 92 Bonham Strand East, Sheung Wan, Hong Kong:- 3rd floor	RP of SS1 of Sec. F of Inland Lot No. 863	Commercial	100%	Long
(9)	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
(10)	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
(11)	No. 19, Nam Kok Road, Kowloon:- Ground floor	Remaining Portion of New Kowloon Inland Lot Nos. 2394, 2395 and 2678	Commercial	100%	Medium
(12)	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
(13)	No. 60 Ma Tau Chung Road, Kowloon.	Sub-Section 1 of Section A of Kowloon Inland Lot No. 4311	Residential & Commercial	100%	Long
(14)	No. 62 Ma Tau Chung Road, Kowloon.	Remaining Portion of Sub-Section 2 of Section A of Kowloon Inland Lot No. 4311	Residential & Commercial	100%	Long
(15)	No. 64 Ma Tau Chung Road, Kowloon.	Section A of Sub-Section 2 of Section A of Kowloon Inland Lot No. 4311	Residential & Commercial	100%	Long

FIVE YEAR FINANCIAL SUMMARY

	For the year ended 31 March				2012
	2008 HK\$'000	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000	HK\$'000
Consolidated income statement					
Revenue	16,457	91,388	26,089	18,567	18,473
Profit before tax	49,118	5,046	74,315	75,875	40,296
Taxation	(3,446)	(1,248)	(7,577)	(9,974)	(7,214)
Profit for the year	45,672	3,798	66,738	65,901	33,082
Consolidated statement of financial position					
Property, plant and equipment	2,510	2,421	2,338	2,276	2,200
Investment properties	146,270	143,300	185,230	294,800	335,850
Properties held for or under development	9,400	9,100	9,900	9,900	9,900
Available-for-sale financial assets	98,888	67,644	96,255	99,220	89,492
Current assets	120,450	92,118	114,249	71,380	61,994
Current liabilities	(34,173)	(7,331)	(9,902)	(5,047)	(5,542)
Non-current liabilities	(11,188)	(9,679)	(16,061)	(23,959)	(29,762)
Net assets	332,157	297,573	382,009	448,570	464,132

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, 24 August 2012 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 2012.
2. To approve a Final Dividend of HK\$0.10 per share as recommended by the Directors.
3. To re-elect Directors and to fix their remuneration.
4. To re-appoint Auditors and to authorise the Board to fix their remuneration.
5. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:–

“THAT

- (a) subject to paragraph (c), pursuant to Section 57B of the Companies Ordinance, the exercise by the Directors of the company during the Relevant Period of all the powers of the company to allot, issue and deal with additional shares in the capital of the company and to make or grant offers, agreements and options which might require the exercise of such power be and it is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the Directors of the company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the company pursuant to the approval in paragraph (a), otherwise than pursuant to a Rights Issue, shall not exceed 20 percent of the aggregate nominal amount of the share capital of the company in issue and the said approval shall be limited accordingly; and
- (d) for the purposes of this Resolution:–

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:–

- (i) the conclusion of the next Annual General Meeting of the company;
- (ii) the expiration of the period within which the next Annual General Meeting of the company is required by the Companies Ordinance to be held; and
- (iii) the revocation or variation of the authority hereby expressly given under this Resolution by ordinary resolution of the shareholders in general meeting.

NOTICE OF ANNUAL GENERAL MEETING

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the company to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the Directors of the company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the law of, or the requirements of, any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

By Order of the Board
Mimoona MA
Company Secretary

Hong Kong, 29 June 2012

Registered Office:

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

NOTES:

- (1) For the purpose of ascertaining the entitlement of the shareholders to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from Monday, 20 August 2012 to Friday, 24 August 2012, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 17 August 2012.
- (2) The register of members of the Company will also be closed from Monday, 3 September 2012 to Wednesday, 5 September 2012, both days inclusive, during which period no transfer of shares of the Company will be registered for the purpose of ascertaining the entitlement to the proposed final dividend for the year ended 31 March 2012. To qualify for the receipt of the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 31 August 2012.
- (3) A Member entitled to attend and vote at the above meeting is entitled to appoint one or two proxies to attend and, on a poll, vote in his stead. A proxy need not be a Member of the company. In order to be valid, the proxy form must be deposited at the company's registered office at least 48 hours before the time appointed for holding the meeting.
- (4) 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.
- (5) Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, all resolutions set out in this notice will be decided by poll at the meeting.
- (6) Pursuant to Articles 110 and 111 of the Articles of Association of the Company, Mr. Ng See Wah, Mr. So Kwok Leung and Ms. Chan Suit Fei, Esther will retire by rotation from office and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.
- (7) Details of all retiring Directors, their interests in the shares of the company 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 2011/2012.