

2012-2013

ANNUAL REPORT



WINFAIR INVESTMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0287)

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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
Dr. 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 AND PRINCIPAL PLACE OF BUSINESS

501-2, 5/F, Lee Kiu Building
51 Jordan Road
Kowloon

CORPORATE WEBSITE

<http://www.winfairinvestment.com>

EXECUTIVE DIRECTORS

Mr. Ng See Wah, aged 83, 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 52, 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 48, 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 16 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 55, 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 50, 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 15 years of experience in business development and systems design, as well as property investments and management related areas. He is currently a director of several private companies. He is the 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 63, 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 37 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, Sino Distillery Group Limited, China Fire Safety Enterprise Group Limited, Chiho-Tiande Group Limited, SCUD Group Limited, Zhong An Real Estate Limited, and Tianjin Development Holdings Limited, which are companies listed on The Stock Exchange of Hong Kong Limited.

Dr. Ng Chi Yeung, Simon, aged 55, is qualified as a solicitor in Hong Kong, England and Wales, an advocate and solicitor in Singapore, and a barrister in the Australian Capital Territory. He is a solicitor of Rowland Chow, Chan & Co., a law firm in Hong Kong. He is also an independent non-executive director of Kith Holdings Limited and Long Success International (Holdings) Limited, publicly listed companies in Hong Kong. Dr. Ng holds a Bachelor Degree from the Manchester Metropolitan University in the United Kingdom, a Master Degree in Chinese and Comparative Law and a Doctor Degree from The Robert E. Webber Institute for Worship Studies. He has been appointed as independent non-executive director of the company since 1 October 1995. He is also the chairman of the remuneration committee and a member of the audit committee, the nomination committee and the corporate governance committee of the company.

Ms. Chan Suit Fei, Esther, aged 55, 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 32 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 54, 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 24 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 39, 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.

On behalf of the board, I am delighted to report the group's financial results and activities for the year ended 31 March 2013.

RESULTS AND DIVIDENDS

For the year under review, the revenue of the group increased by HK\$2,922,111, or 15.8%, to HK\$21,395,291. The group's profit for the year increased by HK\$138,913,335, or 358%, to HK\$177,732,701. The substantial increase in the group's profit was mainly attributable to the gain on disposal of available-for-sale financial assets, the gain on disposal of investment property and the increase in fair value gain on investment properties as compared to last year.

In January 2013, an interim dividend of HK\$0.02 per share and a special dividend of HK\$0.03 per share were paid. The board now recommends a final dividend of HK\$0.10 per share and a special dividend of HK\$0.07 per share, absorbing a total of HK\$6,800,000. Subject to approval by the shareholders, such dividends will be payable on 17 September 2013.

REVIEW OF OPERATIONS

PROPERTY INVESTMENT

The rental income and the result (excluding a realised gain on disposal of HK\$39,789,785 and a revaluation gain of HK\$112,183,582) of the group's property leasing business increased by HK\$1,230,956 (or 9.2%) and HK\$1,572,996 (or 15.9%) to HK\$14,623,706 and HK\$11,440,886 respectively, as compared to last year.

During the year, the group disposed of two shops located at ground floor of Nos. 19, 21 and 23 Nam Kok Road, Kowloon at a consideration of HK\$75,000,000 and one residential unit located at 4/F, No. 238 Electric Road, Hong Kong at a consideration of HK\$14,750,000, resulting in total capital gain of HK\$39,789,785.

For the purpose of enhancing the value of the group's properties investment portfolio and the respective contribution to the result of the property leasing business, the group acquired the property located at ground floor including mezzanine floor on No. 76 Waterloo Road, Kowloon at a total cost of approximately of HK\$36,166,000 during the year.

Following the above changes in properties investment portfolio and in line with encouraging Hong Kong property market sentiment during the year, the group recorded a revaluation gain of HK\$112,183,582 (2012: HK\$41,050,000). As at 31 March 2013, the total value of group's investment properties reached HK\$435,200,000.

Striving for a positive but cautious investment strategy, the group entered into the Provisional Sales and Purchase Agreement on 21 December 2012 in relation to the acquisition of the property located at Shop G, G/F, No. 1F Nanking Street, Kowloon at a consideration of HK\$31,300,000. Such transaction was completed on 10 April 2013. As at 31 March 2013, the group paid HK\$3,200,000 as deposit for the acquisition thereof.

PROPERTY DEVELOPMENT

During the year, the group recorded a fair value gain of HK\$1,700,000 (2012: fair value loss of HK\$33,000) on property held for or under development. There is no project under development with significant progress during the year. The group will continue to explore properties in Hong Kong for re-development purpose.

SHARE INVESTMENTS AND DIVIDEND INCOME

Dividend income increased by HK\$91,951 (or 1.8%) to HK\$5,106,911 as compared to last year.

Taking advantage of the rebound of securities market in Hong Kong, the group sold trading securities and reported a realised gain on disposal of HK\$1,664,674 (2012: HK\$65,470). Also, the group disposed of certain available-for-sale financial assets and reported a realised gain of HK\$2,961,872 (2012: Nil). During the year, an unrealised gain on trading securities of HK\$7,095,206 (2012: unrealised loss of HK\$13,451,678) was recorded in profit or loss, while an unrealised gain on available-for-sale financial assets of HK\$11,691,099 (2012: unrealised loss of HK\$12,759,519) was recorded in other comprehensive income. As at 31 March 2013, the group's listed share investment portfolios had an aggregate fair value of HK\$146,643,967 (2012: HK\$137,153,378).

Due to the adverse share market condition in the first quarter of fiscal year 2013/14, the market value of the group's shares at 25 June 2013 dropped by approximately of HK\$14.1 million, as compared to that on 31 March 2013.

LIQUIDITY AND FINANCIAL RESOURCES

During the year, the group obtained a bank mortgage loan of HK\$17,250,000 to finance property acquisition. As at 31 March 2013, the group's gearing ratio, which was taken as bank borrowings to total shareholders' equity, raised from zero to 2.4%.

Subsequent to the reporting period end date, the group obtained additional bank mortgage loan of HK\$15,650,000 for financing the acquisition of new property. The expected gearing ratio of the group at the end of April 2013 would increase from 2.4% to 4.8%. As at 31 March 2013, the group held cash of HK\$95,508,478 (2012: HK\$12,681,273). The management is confident that the group will maintain adequate cash and appropriate credit facilities to meet its future operating and project development expenditure, and loan repayment obligations.

ASSETS PLEDGED

As at 31 March 2013, the investment properties with an aggregate carrying value of HK\$50,000,000 (2012: Nil) were pledged to a bank to secure general banking facilities.

BUSINESS MODEL AND STRATEGY

The core business of the group focuses on property investment and development in Hong Kong. The group's strategy for generating and preserving shareholder value is to invest in properties that offer attractive returns. The group continues to pursue growth opportunities and keeps on making appropriate change on its property investment portfolio.

The group also focuses on security investment. The group's strategy for generating shareholder value is to invest in securities which have long-term potential growth through exercising prudent decision process. The group continues to exercise prudent and disciplined financial management to ensure sustainable growth.

PROSPECTS

Following the various intervention measures by the Hong Kong Government to cool down the over heated local property market, the management expects that there will not be room for considerable uplift of the Hong Kong property price in the foreseeable future. However, as the interest rate is still on a low level, the group will continue to look for desirable property investment opportunities. For the securities market, although global economic sentiment has been moderately improved, the management believes the security market will still be subject to volatile uncertainty. The group will keep watch of the prevailing market change and make appropriate strategic adjustment on the group's assets portfolio in order to maximise the returns of the 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, 26 June 2013

CORPORATE GOVERNANCE REPORT

The company is committed to maintaining the highest standards of corporate governance practice emphasising transparency, independence and accountability. The board believes that good corporate governance 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 Corporate Governance Code (“the Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except 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 2013 and up to the latest practicable date prior to the publication of the annual report:

1. The group has not designated any chief executive. In normal practice, prior approvals by all executive directors are required for all strategic decisions and are confirmed in formal board meeting or under written resolutions subsequently. The group believes that the existing organisation and decision making procedures are adequate for the group to cope with the ever-changing economic environment;
2. The non-executive and independent non-executive directors of the company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the company;
3. Directors appointed to fill casual vacancy are not subject to 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;
4. The group has not arranged appropriate insurance cover in respect of legal action against its directors. As the board considers that the board adopts prudent management policy, the need for insurance policy will be reviewed from time to time; and
5. No formal letters of appointment for directors setting out the key terms and conditions of their appointments. The group is in the process of drafting the formal appointment letter for directors (including independent non-executive directors, non-executive directors and executive directors).

DIRECTORS’ SECURITIES TRANSACTIONS

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

BOARD OF DIRECTORS

As at 31 March 2013, 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.

Regarding the full board meetings, the directors received at least 14 days prior written notice of the meeting and an agenda with supporting paper 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.

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

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

	Scheduled board meetings (i)	Audit committee meetings (ii)	Remuneration committee meetings	Nomination committee meetings	Corporate governance committee meetings	AGM 2012 (ii)
Executive directors						
Mr. Ng See Wah (<i>Chairman</i>)	5/5	N/A	N/A	N/A	N/A	1/1
Mr. Ng Tai Wai	4/4	N/A	2/2	N/A	1/1	1/1
Mr. Ng Tai Yin Victor	4/4	N/A	N/A	1/1	N/A	1/1
Non-executive directors						
Mr. So Kwok Leung	5/5	N/A	N/A	N/A	1/1	1/1
Mr. So Kwok Wai Benjamin	5/5	2/2	N/A	N/A	N/A	1/1
Independent non-executive directors						
Dr. Loke Yu alias Loke Hoi Lam	5/5	2/2	2/2	1/1	1/1	1/1
Dr. Ng Chi Yeung, Simon	5/5	2/2	2/2	1/1	1/1	1/1
Ms. Chan Suit Fei, Esther	4/5	2/2	2/2	1/1	1/1	1/1

BOARD OF DIRECTORS *(Continued)*

- (i) Included one meeting held by the Chairman and non-executive directors (including independent non-executive directors) without the attendance of executive directors.
- (ii) External auditors attended the meetings.
- (iii) 4/4 denotes attendance of 4 out of a total of 4 meetings, and so on.
- (iv) N/A – not applicable

Development and training of directors is an ongoing process so that the directors can perform their duties appropriately. The company secretary regularly circulates details of training courses and other regulatory update which are related to the company's business. All directors are encouraged to attend relevant training courses.

The board received the training record from all directors. Details of continuous professional development are set out below:

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

CHAIRMAN AND CHIEF EXECUTIVE

Mr. Ng See Wah is the chairman of the board and none of the 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.

EMOLUMENT POLICY

The company's emolument policy is to ensure that the remuneration offered to employees including executive directors and senior management is based on the skill, knowledge, responsibilities and involvement in the company's affairs. The remuneration packages of executive directors are also determined by reference to the company's performance and profitability, remuneration level in the industry and the prevailing market conditions. The emolument policy for non-executive directors is to ensure that the non-executive directors are adequately compensated for their efforts and time dedicated to the company's affairs, including their participation in the board committees, individual director and senior management would not be involved in deciding their own remuneration.

REMUNERATION COMMITTEE

The remuneration committee, consisting of three independent non-executive directors and one executive director, has been established since 15 December 2004. The terms of reference of the remuneration committee align with the code provisions of the Code. The committee reviews the remuneration package of the executive directors, non-executive directors and senior management, and makes appropriate recommendations to the board. Staff remuneration is determined by the group's management by reference to their qualification, work experience, performance and prevailing market conditions.

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

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

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

- recommendation on the percentage of salary increment for all executive directors and senior management of the company; and
- recommendation on the increment of directors' fee.

NOMINATION COMMITTEE

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

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

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 following annual general meeting ("AGM") after 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.

NOMINATION COMMITTEE *(Continued)*

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, one meeting of the committee was held with 100% attendance rate. Individual attendance of member is shown on page 9 in the section "Board of directors".

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

- review of the structure, size and composition of the board;
- assessment of the independence of the independent non-executive directors; and
- recommendation to the board for re-election of the retiring directors at the AGM 2012.

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 Dr. 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 Code.

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

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

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

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

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

The work performed by the corporate governance committee during the year included the following:

- review of company's policies and practices on corporate governance and compliance with legal and regulatory requirements; and
- review of the company's Corporate Governance Report for the year ended 31 March 2012.

AUDITORS' REMUNERATION

An analysis of remuneration in respect of audit and non-audit services, which included taxation, other review and advisory services, provided by the auditors and its common control entity during the year ended 31 March 2013 is as follows:

	HK\$
Audit fee	197,000
Other non-audit services	
Taxation services	18,000
Other review services	23,000
	41,000
Other non-audit professional services provided by affiliated company	91,775
Total	329,775

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.

ACCOUNTABILITY *(Continued)*

The directors, having made appropriate enquires, are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the company's ability to continue as going concern. Accordingly, the directors have prepared the financial statements of the company on a going concern basis.

The board has conducted a review of the effectiveness of the system of internal controls, including financial, operational and compliance controls and risk management functions.

COMPANY SECRETARY

All directors have access to the advice and services of the company secretary, Ms. Miamoona Ma. She is an employee of the company and is appointed by the board. The company secretary supports the chairman, the board and the board committees by ensuring good information flow within the board and that the board policy and procedures are followed. She reports to the board chairman on board governance matters and facilitates the induction and professional development of directors. The company secretary is also responsible for facilitating communications among directors as well as shareholders and management. Biographical details of the company secretary are set out in the section "Directors and Senior Management" on page 4. During the year, the company secretary undertook over 15 hours of professional training to update her skills and knowledge.

SHAREHOLDERS' RIGHT

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

The procedures for shareholders to convene and put forward proposals at meeting are subject to the provision under the Hong Kong Companies Ordinance (the "Companies Ordinance").

EXTRAORDINARY GENERAL MEETING (EGM)

Pursuant to section 113 of the Companies Ordinance, an EGM can be convened by a written request signed by shareholders holding not less than one-twentieth of the paid-up capital carrying the right to vote at general meeting.

The request shall state the objects of the meeting, shall be signed by the said shareholder(s) (which may be contained in one document or in several documents in like form) and shall be deposited at the company's registered office at 501-2, 5/F, Lee Kiu Building, 51 Jordan Road, Kowloon, for the attention of the company secretary. The request will be verified with the company's Share Registrar. Once the request is verified as proper and in order, the company secretary will ask the Board of Directors to convene an EGM by serving sufficient notice in accordance with the statutory requirement.

If the directors do not within 21 days from the date of the deposit of the request proceed duly to convene a meeting on a day not more than 28 days after the date on which the notice convening the meeting is given, the said shareholder(s) or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of 3 months from the said date.

SHAREHOLDERS' RIGHT *(Continued)*

ANNUAL GENERAL MEETING (AGM)

AGM shall be held once in every year at such time not being more than 15 months after the holding of the last AGM. If the company fails to hold an AGM within 15 months, any shareholder can apply to the court in Hong Kong on which application may call or direct the calling of an AGM to be held by the company.

Pursuant to section 115A of the Companies Ordinance, shareholders holding not less than one-fortieth of the total voting rights of all shareholders having at the date of the requisition a right to vote at the meeting; or not less than 50 shareholders holding share in the company on which there has been paid up an average sum, per shareholder, of not less than HK\$2,000, can submit a written request to move a resolution at the AGM.

The written request shall state the resolution, by any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the AGM. The request shall be signed by the shareholder(s) (or 2 or more copies which between them contain the signatures of all the said shareholders) and shall be deposited at the company's registered office at 501-2, 5/F, Lee Kiu Building, 51 Jordan Road, Kowloon, for the attention of the company secretary not less than 6 weeks before the meeting in the case of a request requiring notice of a resolution and not less than 1 week in the case of any other request. The request will be verified with the company's Share Registrar. Once the request is verified as proper and in order, the company secretary will ask the Board of Directors to include the resolution in the agenda for the AGM provided that the said shareholder(s) have deposited sufficient money to meet the company's expenses in serving the notice of the resolution and circulating the statement submitted by the said shareholder(s) in accordance with the statutory requirements to all the registered shareholders.

If the proposal relates to the election of a person other than a director of the company retiring at the AGM, at least 7 days' notice commencing no earlier than the day after the dispatch of the notice and ending no later than 7 days prior to the date of the meeting shall be given. The procedure is published in the section "Memorandum and Article of Association" of the company's corporate website.

ENQUIRIES TO THE BOARD

The company convenes AGM every year. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings.

INVESTOR RELATIONS

No significant changes in the company's constitutional documents during the year.

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 2013.

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 2013 and the state of affairs of the company and of the group at that date are set out in the financial statements on pages 23 to 60.

DIVIDENDS

An interim dividend of HK\$0.02 per share and a special dividend of HK\$0.03 per share, totaling HK\$2,000,000 were paid during the year.

The directors now recommend that a final dividend of HK\$0.10 per share and a special dividend of HK\$0.07 per share on 40,000,000 shares in issue totaling HK\$6,800,000 be payable in respect of the year ended 31 March 2013.

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.

SUBSIDIARIES

The particulars of the subsidiaries of the company as at 31 March 2013 are set out in note 16 to the financial statements.

BANK BORROWING

The particulars of bank borrowing of the group as at 31 March 2013 are set out in note 20 to the financial statements.

RESERVES

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

DIRECTORS

The directors who held office during the year were:-

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 Tai Wai, Mr. So Kwok Wai Benjamin, and Dr. Ng Chi Yeung, Simon 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.

The Board has also assessed the independence of Dr. Ng Chi Yeung, Simon who has served the Board for more than nine years. Dr. Ng was appointed as an independent non-executive director in 1995. Save for his role as an independent non-executive director, Dr. Ng does not hold any executive or management role and is not involved in the daily management of the company and the group, nor is he in any relationship or circumstances which would interfere with the exercise of his independent judgment. Dr. Ng has provided a written confirmation of independence to the company. The Board is satisfied that Dr. Ng meets the independence requirements of the Listing Rules notwithstanding the length of his service with the company and believes that Dr. Ng is still independent and should be re-elected as an independent non-executive director at the 2013 AGM.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2013, 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.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2013, 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 2013, 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.

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 2013 attributable to the largest tenant and the five largest tenants in aggregate were 23% and 56% 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 4.10 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, 26 June 2013

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 23 to 60, which comprise the consolidated and company statements of financial position as at 31 March 2013, 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 2013 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, 26 June 2013

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2013

			(Restated)
	Notes	2013 HK\$	2012 HK\$
Revenue	6	21,395,291	18,473,180
Other revenue	7	326,538	132,540
Other net income/(loss)	7	51,546,863	(13,484,678)
Fair value gain on investment properties		112,183,582	41,050,000
Administrative and general expenses		(5,732,479)	(5,875,424)
Finance cost		(289,320)	–
Profit before taxation	8	179,430,475	40,295,618
Taxation	11	(1,697,774)	(1,476,252)
Profit after taxation attributable to the equity shareholders of the company		177,732,701	38,819,366
Earnings per share (Basic and diluted)	12	HK\$4.44	HK\$0.97

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2013

	2013 HK\$	(Restated) 2012 HK\$
Profit for the year	177,732,701	38,819,366
Other comprehensive income for the year		
Increase/(decrease) in fair value of available-for-sale financial assets	11,691,099	(12,759,519)
Reclassification adjustment relating to disposal of available-for-sale financial assets	(3,216,149)	–
	8,474,950	(12,759,519)
Total comprehensive income, net of tax, for the year attributable to equity shareholders of the company	186,207,651	26,059,847

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2013

	Notes	31 March 2013		(Restated) 31 March 2012		(Restated) 1 April 2011	
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
ASSETS							
Non-current assets							
Property, plant and equipment	13		2,098,635		2,200,191		2,276,138
Investment properties	14		435,200,000		335,850,000		294,800,000
Properties held for or under development	15		11,600,000		9,900,000		9,900,000
Available-for-sale financial assets – equity shares listed in Hong Kong			95,543,787		89,492,196		99,220,565
			544,442,422		437,442,387		406,196,703
Current assets							
Trading securities – equity shares listed in Hong Kong			51,100,180		47,661,182		57,673,336
Trade and other receivables	17		4,856,144		1,367,421		1,226,774
Tax recoverable			–		284,255		100,366
Cash and bank balances	18		95,508,478	151,464,802	12,681,273	61,994,131	12,379,042
							71,379,518
Current liabilities							
Trade and other payables	19		4,177,260		4,524,956		3,431,429
Bank borrowing, secured	20		16,387,800		–		–
Tax payable			320,961		116,562		727,350
Provision for long service payments	21		913,600	(21,799,621)	900,400	(5,541,918)	888,200
							(5,046,979)
Net current assets			129,665,181		56,452,213		66,332,539
Total assets less current liabilities			674,107,603		493,894,600		472,529,242
Non-current liabilities							
Provision for long service payments	21		176,000		221,500		205,000
Deferred taxation	22		644,748	(820,748)	637,026	(858,526)	588,620
							(793,620)
NET ASSETS			673,286,855		493,036,074		471,735,622
CAPITAL AND RESERVES							
Share capital	23		40,000,000		40,000,000		40,000,000
Reserves	24		633,286,855		453,036,074		431,735,622
			673,286,855		493,036,074		471,735,622

Approved by the board of directors on 26 June 2013

Ng See Wah
Director

So Kwok Leung
Director

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2013

	Notes	31 March 2013		(Restated) 31 March 2012		(Restated) 1 April 2011	
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
ASSETS							
Non-current assets							
Property, plant and equipment	13		18,664	20,738		23,042	
Investment properties	14		3,700,000	3,250,000		2,900,000	
Interest in subsidiaries	16		106,920,579	136,953,734		136,501,295	
			110,639,243	140,224,472		139,424,337	
Current assets							
Trading securities – equity shares listed in Hong Kong		51,100,180		47,661,182		57,673,336	
Trade and other receivables	17	566,784		501,732		505,108	
Tax recoverable		–		247,489		100,366	
Cash and bank balances	18	80,783,814	132,450,778	11,865,128	60,275,531	11,217,126	69,495,936
Current liabilities							
Trade and other payables	19	1,101,922		1,101,054		957,121	
Provision for long service payments	21	390,000	(1,491,922)	390,000	(1,491,054)	390,000	(1,347,121)
Net current assets			130,958,856	58,784,477		68,148,815	
Total assets less current liabilities			241,598,099	199,008,949		207,573,152	
Non-current liabilities							
Provision for long service payments	21	19,000		26,500		13,000	
Deferred taxation	22	–	(19,000)	–	(26,500)	3,613	(16,613)
NET ASSETS			241,579,099	198,982,449		207,556,539	
CAPITAL AND RESERVES							
Share capital	23	40,000,000		40,000,000		40,000,000	
Reserves	24	201,579,099		158,982,449		167,556,539	
			241,579,099	198,982,449		207,556,539	

Approved by the board of directors on 26 June 2013

Ng See Wah
Director

So Kwok Leung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2013

	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 2011, as previously stated	40,000,000	251,046	40,948,046	367,370,602	448,569,694
Change in accounting policy – Adoption of amendment to HKAS 12	–	–	–	23,165,928	23,165,928
At 1 April 2011, restated	40,000,000	251,046	40,948,046	390,536,530	471,735,622
Profit for the year, restated	–	–	–	38,819,366	38,819,366
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, restated	–	–	(12,759,519)	38,819,366	26,059,847
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 and 1 April 2012, restated	40,000,000	251,046	28,188,527	424,596,501	493,036,074
Profit for the year	–	–	–	177,732,701	177,732,701
Other comprehensive income for the year					
– Increase in fair value of available-for-sale financial assets	–	–	11,691,099	–	11,691,099
– Reclassification adjustment relating to disposal of available-for-sale financial assets	–	–	(3,216,149)	–	(3,216,149)
Total comprehensive income	–	–	8,474,950	177,732,701	186,207,651
Dividends paid					
– 2011/12 final dividend (HK\$0.10 per share)	–	–	–	(4,000,000)	(4,000,000)
– 2012/13 interim dividend (HK\$0.02 per share)	–	–	–	(800,000)	(800,000)
– 2012/13 special dividend (HK\$0.03 per share)	–	–	–	(1,200,000)	(1,200,000)
Unclaimed dividend forfeited	–	–	–	43,130	43,130
At 31 March 2013	40,000,000	251,046	36,663,477	596,372,332	673,286,855

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2013

	Note	2013 HK\$	2012 HK\$
Operating activities			
Profit before taxation		179,430,475	40,295,618
Adjustments for:			
Gain on disposal of available-for-sale financial assets		(2,961,872)	–
Gain on disposal of investment properties		(39,789,785)	–
Fair value (gain)/loss on properties held for or under development		(1,700,000)	33,000
Fair value (gain)/loss on trading securities		(7,095,206)	13,451,678
Fair value gain on investment properties		(112,183,582)	(41,050,000)
Holding gain on trading securities realised		(1,018,511)	–
Interest income		(214,038)	(30,540)
Interest expenses		289,320	–
Changes in provision for long service payments		(32,300)	28,700
Depreciation		84,188	87,652
Loss on disposal of property, plant and equipment		18,666	6,045
Operating profit before working capital changes		14,827,355	12,822,153
Decrease/(increase) in trading securities		4,674,719	(3,439,524)
Increase in trade and other receivables		(288,723)	(140,647)
Net decrease in time deposits with original maturities over three months		–	3,000,000
(Decrease)/increase in trade and other payables		(304,566)	1,134,132
Cash generated from operations		18,908,785	13,376,114
Profits tax paid		(1,201,398)	(2,222,523)
Net cash generated from operating activities		17,707,387	11,153,591
Investing activities			
Purchase of property, plant and equipment		(1,298)	(17,750)
Purchase of investment properties		(36,166,418)	–
Deposit paid for the acquisition of investment properties		(3,200,000)	–
Proceeds from disposal of investment properties		88,789,785	–
Increase in properties held for or under development		–	(33,000)
Purchase of available-for-sale financial assets		(1,050,492)	(3,031,150)
Proceeds from disposal of available-for-sale financial assets		6,435,723	–
Interest received		214,038	30,540
Net cash generated from/(used in) investing activities		55,021,338	(3,051,360)
Financing activities			
New bank borrowing obtained		17,250,000	–
Repayment of bank borrowing		(862,200)	–
Dividends paid		(6,000,000)	(4,800,000)
Interest paid		(289,320)	–
Net cash generated from/(used in) financing activities		10,098,480	(4,800,000)
Net increase in cash and cash equivalents		82,827,205	3,302,231
Cash and cash equivalents at beginning of year		12,681,273	9,379,042
Cash and cash equivalents at end of year, equivalent to cash and bank balances	18	95,508,478	12,681,273

1. GENERAL INFORMATION

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

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

2. BASIS OF PREPARATION

The financial statements have been prepared on the historical cost convention, as modified by the 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 amendment to accounting standard issued by the HKICPA which is effective for the group’s financial year beginning on 1 April 2012.

AMENDMENT TO HKAS 12 “DEFERRED TAX: RECOVERY OF UNDERLYING ASSETS”

In prior years, deferred tax was provided on the basis that the carrying amounts of investment properties would be recovered through use. Following the adoption of amendment to HKAS 12, deferred tax on investment property carried at fair value under HKAS 40 “Investment Property”, shall be measured reflecting the tax consequences of recovering the carrying amount of the investment property entirely through sale unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the properties over time, rather than through sale. As a result of the adoption of this amendment, the group does not recognise any deferred taxes on changes in fair value of investment properties as the group is not subject to any income taxes on disposal of those investment properties. This amendment has been applied retrospectively. The comparative figures have been restated to reflect the change in accounting policy.

The group measured investment properties using fair value model. As a result of amendment to HKAS 12, the directors have reviewed the group’s investment properties portfolio and concluded that investment properties in Hong Kong with carrying value of HK\$335,850,000 at 31 March 2012 would be recovered through sale. The application of the amendment has resulted in re-calculation of the deferred tax balance relating to investment properties in Hong Kong. The deferred tax liabilities at 31 March 2012 have been restated to HK\$637,026. Regarding properties held for or under development which are held for investment purposes, the directors have reviewed the portfolio and concluded that land in Hong Kong with carrying value of HK\$9,900,000 at 31 March 2012 would be recovered through sale. Nevertheless, the amendment to HKAS 12 has no material effect on the deferred tax balance relating to the properties held for or under development.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

3. ADOPTION OF NEW AND REVISED HKFRSs (Continued)

Effect on the change in accounting policy is summarised below:

(a) EFFECT ON CONSOLIDATED INCOME STATEMENT/CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 31 MARCH 2012

	As previously reported HK\$	Effect on adoption of amendment to HKAS 12 HK\$	As Restated HK\$
Income tax expenses	7,214,046	(5,737,794)	1,476,252
Profit for the year	33,081,572	5,737,794	38,819,366
Total comprehensive income	20,322,053	5,737,794	26,059,847
Earnings per share (basic and diluted)	0.827	0.143	0.970

(b) EFFECT ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As previously reported HK\$	Effect on adoption of amendment to HKAS 12 HK\$	As Restated HK\$
(i) As at 31 March 2012			
Deferred taxation liabilities	29,540,748	(28,903,722)	637,026
Non-current liabilities	29,762,248	(28,903,722)	858,526
Net assets/Total equity	464,132,352	28,903,722	493,036,074
Retained profits	395,692,779	28,903,722	424,596,501
(ii) As at 31 March 2011			
Deferred taxation liabilities	23,754,548	(23,165,928)	588,620
Non-current liabilities	23,959,548	(23,165,928)	793,620
Net assets/Total equity	448,569,694	23,165,928	471,735,622
Retained profits	367,370,602	23,165,928	390,536,530

As a result of this change in accounting policy, the income tax for the year ended 31 March 2013 is HK\$13,468,294 lower and the basic and fully diluted earning per share is HK\$0.33 higher had the policy been remain unchanged.

Except as described above, the application of other amendments to HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements.

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 2013:

		Effective for accounting periods beginning on or after
HKFRS 1 (Amendment)	Government loans	1 January 2013
HKFRS 7 (Amendment)	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
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendment)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment Entities	1 January 2014
HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income	1 July 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 (Amendment)	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
Annual improvements to HKFRSs 2009-2011 Cycle		1 January 2013

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 2013

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 2013. 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.

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 4.16.

- AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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

4.7 INVESTMENTS IN EQUITY SECURITIES *(Continued)*

– AVAILABLE-FOR-SALE FINANCIAL ASSETS *(Continued)*

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

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

4.8 TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using effective interest method, 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 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***4.10 EMPLOYEE BENEFITS**

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

The group operates a mandatory provident fund scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all eligible employees. The scheme is a defined contribution scheme administered by independent trustees. Under the scheme, the employer and employees are required to make contributions to the scheme at 5% of the employees' relevant income, subject to a maximum of monthly contribution of HK\$1,250 (HK\$1,000 prior to June 2012). Contributions to the scheme vest immediately and are recognised as an expense in profit or loss as incurred.

4.11 INTEREST-BEARING BANK BORROWINGS

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

Interest-bearing bank borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liabilities for at least 12 months after the end of reporting period.

4.12 TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 4.14, trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

4.13 TAXATION

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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

4.13 TAXATION *(Continued)*

Where investment properties and properties held for or under development are carried at their fair value in accordance with the accounting policy set out in note 4.4 and note 4.5, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the end of reporting period unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax and liabilities are not discounted.

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

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

4.14 FINANCIAL GUARANTEES ISSUED

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

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

4.15 PROVISIONS AND CONTINGENT LIABILITIES

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

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

4.16 REVENUE RECOGNITION

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***4.16 REVENUE RECOGNITION** *(Continued)*

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

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

4.17 BORROWING COSTS

Borrowing costs that are attributable to the acquisition, construction, or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

4.18 RELATED PARTIES

- (i) A person, or a close member of that person's family is related to the group if that person:
 - (a) has control or joint control 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).

4.19 SEGMENT REPORTING

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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	
	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$
								(Restated)
INCOME STATEMENT								
Segment revenue	6,771,585	5,080,430	14,623,706	13,392,750	–	–	21,395,291	18,473,180
Segment results	12,388,800	(9,716,163)	11,440,886	9,867,890	80,428	47,293	23,910,114	199,020
Gain on disposal of available-for-sale financial assets	2,961,872	–	–	–	–	–	2,961,872	–
Gain on disposal of investment properties	–	–	39,789,785	–	–	–	39,789,785	–
Fair value gain on investment properties	–	–	112,183,582	41,050,000	–	–	112,183,582	41,050,000
Fair value gain/(loss) on properties held for or under development	–	–	–	–	1,700,000	(33,000)	1,700,000	(33,000)
Results before interest, tax and corporate expenses	15,350,672	(9,716,163)	163,414,253	50,917,890	1,780,428	14,293	180,545,353	41,216,020
Interest income							214,038	30,540
Interest expense							(289,320)	–
Unallocated corporate expenses							(1,039,596)	(950,942)
Profit before taxation							179,430,475	40,295,618
Taxation							(1,697,774)	(1,476,252)
Profit after taxation							177,732,701	38,819,366

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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	
	2013	2012	2013	2012	2013	2012	2013	2012
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
STATEMENT OF FINANCIAL POSITION								
Assets								
Segment assets	148,251,455	138,151,512	455,299,628	339,252,873	11,648,689	9,939,839	615,199,772	487,344,224
Tax recoverable	-	247,489	-	34,984	-	1,782	-	284,255
	148,251,455	138,399,001	455,299,628	339,287,857	11,648,689	9,941,621	615,199,772	487,628,479
Unallocated corporate assets							80,707,452	11,808,039
Consolidated total assets							695,907,224	499,436,518
Liabilities								
Segment liabilities	695,064	640,260	20,053,574	4,073,842	168,000	164,000	20,916,638	4,878,102
Tax payable and deferred taxation, restated	-	-	963,941	750,977	1,768	2,611	965,709	753,588
	695,064	640,260	21,017,515	4,824,819	169,768	166,611	21,882,347	5,631,690
Unallocated corporate liabilities							738,022	768,754
Consolidated total liabilities							22,620,369	6,400,444
OTHER INFORMATION								
Capital expenditure	-	-	36,167,716	17,750	-	33,000	36,167,716	50,750
Purchase of available-for-sale financial assets	1,050,492	3,031,150	-	-	-	-	1,050,492	3,031,150
Loss on disposal of property, plant and equipment	-	-	18,666	6,045	-	-	18,666	6,045
Depreciation	1,991	2,074	82,197	85,578	-	-	84,188	87,652
Fair value gain/(loss) on trading securities	7,095,206	(13,451,678)	-	-	-	-	7,095,206	(13,451,678)

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

6. REVENUE

	The group	
	2013 HK\$	2012 HK\$
Gross rental income from investment properties	14,623,706	13,392,750
Dividend income from share investments listed in Hong Kong		
– trading securities	1,811,896	1,774,431
– available-for-sale financial assets	3,295,015	3,240,529
	5,106,911	5,014,960
Net result of trading in securities	1,664,674	65,470
	21,395,291	18,473,180

7. OTHER REVENUE AND OTHER NET INCOME/(LOSS)

	The group	
	2013 HK\$	2012 HK\$
Other revenue		
Bank interest income	214,038	30,540
Sundry income	112,500	102,000
	326,538	132,540
Other net income/(loss)		
Gain on disposal of investment properties	39,789,785	–
Gain on disposal of available-for-sale financial assets	2,961,872	–
Fair value gain/(loss) on trading securities	7,095,206	(13,451,678)
Fair value gain/(loss) on properties held for or under development	1,700,000	(33,000)
	51,546,863	(13,484,678)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

8. PROFIT BEFORE TAXATION

	The group	
	2013 HK\$	2012 HK\$
Profit before taxation is stated after charging:		
Auditors' remuneration		
– audit services	197,000	181,000
– taxation services	18,000	14,000
– interim review	–	26,000
– other review	23,000	–
– other non-audit professional services provided by affiliated company	91,755	56,257
Depreciation	84,188	87,652
Direct operating expenses in respect of investment properties		
– that generated rental income	627,713	1,018,012
– that did not generate rental income	8,262	30,567
Interest on bank borrowing	289,320	–
Loss on disposal of property, plant and equipment	18,666	6,045

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

9. DIRECTORS' REMUNERATION

The remuneration of the directors is as follows:-

	2013			
	Fees HK\$	Other emoluments		Total HK\$
		Salaries and other benefits HK\$	Mandatory provident fund contribution HK\$	
Executive directors –				
Ng See Wah (i)	75,000	1,227,286	–	1,302,286
Ng Tai Wai	75,000	570,220	14,500	659,720
Ng Tai Yin Victor	75,000	437,832	14,500	527,332
Non-executive directors –				
So Kwok Leung	75,000	–	–	75,000
So Kwok Wai Benjamin	75,000	–	–	75,000
Independent non-executive directors –				
Loke Yu alias Loke Hoi Lam	75,000	–	–	75,000
Ng Chi Yeung, Simon	75,000	–	–	75,000
Chan Suit Fei, Esther	75,000	–	–	75,000
	600,000	2,235,338	29,000	2,864,338

	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

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 2013

10. STAFF COST

	The group	
	2013 HK\$	2012 HK\$
Directors' fees and salaries	2,835,338	2,688,858
Salaries and other benefits	969,474	917,965
Mandatory provident fund contribution	68,382	59,311
Provision for long service payments	(32,300)	28,700
	3,840,894	3,694,834

Among the five highest paid individuals of the group, three (2012: three) are executive directors whose emoluments are set out in note 9 to the financial statements. The emoluments of the other two (2012: two) individuals are as follows:-

	The group	
	2013 HK\$	2012 HK\$
Salaries	660,684	622,455
Mandatory provident fund contribution	27,200	23,900
	687,884	646,355

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

11. TAXATION

	The group	
	2013 HK\$	2012 HK\$
		(Restated)
Current income tax		
Provision for Hong Kong Profits Tax for current year	1,747,000	1,427,400
(Over)/under-provision for prior years	(56,948)	446
	1,690,052	1,427,846
Deferred tax		
Origination and reversal of temporary differences	7,722	48,406
Total income tax	1,697,774	1,476,252

Provision for Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) on the estimated assessable profit for the year.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

11. TAXATION (Continued)

Reconciliation between income tax and accounting profit at applicable tax rate

	The group	
	2013 HK\$	(Restated) 2012 HK\$
Profit before taxation	179,430,475	40,295,618
Notional tax on profit before taxation, calculated at Hong Kong Profits Tax rate of 16.5% (2012: 16.5%)	29,606,028	6,648,775
Tax effect of non-deductible expenses	12,892	16,564
Tax effect of non-taxable revenue	(26,722,771)	(7,605,757)
Tax effect of unused tax losses and unrecognised deductible temporary differences utilised	(1,140,127)	–
Tax effect of unused current tax losses not recognised	–	2,414,863
Others	(58,248)	1,807
Income tax	1,697,774	1,476,252

12. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the consolidated profit after tax of HK\$177,732,701 (2012: HK\$38,819,366 (restated)) and on 40,000,000 (2012: 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 (2012: Nil).

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

13. PROPERTY, PLANT AND EQUIPMENT

The group

	Leasehold land and building	Leasehold improvement	Furniture, fixtures and equipment	Total
	HK\$	HK\$	HK\$	HK\$
Cost				
At 1 April 2011	3,758,960	570,900	202,439	4,532,299
Additions	–	–	17,750	17,750
Disposals	–	–	(12,050)	(12,050)
At 31 March 2012 and 1 April 2012	3,758,960	570,900	208,139	4,537,999
Additions	–	–	1,298	1,298
Disposals	–	(108,300)	(1,100)	(109,400)
At 31 March 2013	3,758,960	462,600	208,337	4,429,897
Aggregate depreciation				
At 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)
At 31 March 2012 and 1 April 2012	1,714,278	488,963	134,567	2,337,808
Charge for the year	70,374	6,375	7,439	84,188
Written back on disposals	–	(90,108)	(626)	(90,734)
At 31 March 2013	(1,784,652)	(405,230)	(141,380)	(2,331,262)
Net book value				
At 31 March 2013	1,974,308	57,370	66,957	2,098,635
At 31 March 2012	2,044,682	81,937	73,572	2,200,191

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 2013

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

The company

	Furniture, fixtures and equipment	
	2013 HK\$	2012 HK\$
Cost		
At the beginning of the year	53,785	53,785
Additions	-	-
At the end of the year	53,785	53,785
Aggregate depreciation		
At the beginning of the year	33,047	30,743
Charge for the year	2,074	2,304
At the end of the year	(35,121)	(33,047)
Net book value	18,664	20,738

14. INVESTMENT PROPERTIES

	The group		The company	
	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$
Fair value				
At the beginning of the year	335,850,000	294,800,000	3,250,000	2,900,000
Additions	36,166,418	-	-	-
Disposals	(49,000,000)	-	-	-
Increase in fair value	112,183,582	41,050,000	450,000	350,000
At the end of the year	435,200,000	335,850,000	3,700,000	3,250,000

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

	The group		The company	
	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$
Medium term leases	240,100,000	231,600,000	3,700,000	3,250,000
Long leases	195,100,000	104,250,000	-	-
	435,200,000	335,850,000	3,700,000	3,250,000

The group's investment properties were revalued on 31 March 2013 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 2013

15. PROPERTIES HELD FOR OR UNDER DEVELOPMENT

	The group	
	2013 HK\$	2012 HK\$
Valuation		
At the beginning of the year	9,900,000	9,900,000
Additions	–	33,000
Increase/(decrease) in fair value	1,700,000	(33,000)
At the end of the year	11,600,000	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 2013 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 the Hong Kong Institute of Surveyors.

16. INTEREST IN SUBSIDIARIES

	The company	
	2013 HK\$	2012 HK\$
Unlisted investments at cost	6,481,102	6,471,102
(a) Advances to subsidiaries		
– Interest free	132,697,055	120,965,189
– Interest bearing	–	42,717,314
Provision for impairment loss	132,697,055 (17,915,663)	163,682,503 (19,691,933)
	114,781,392	143,990,570
(b) Advances from subsidiaries		
– Interest free	(14,341,915)	(13,507,938)
Total	106,920,579	136,953,734

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

16. INTEREST 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%
Wing Sum Investment Company Limited	Hong Kong	Property investment	10,000	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	
	2013 HK\$	2012 HK\$
At the beginning of the year	19,691,933	22,961,358
Impairment loss written back for the year	(1,776,270)	(3,269,425)
At the end of the year	17,915,663	19,691,933

At 31 March 2013, 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\$103,302,471 (2012: HK\$134,215,560).

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

17. TRADE AND OTHER RECEIVABLES

	The group		The company	
	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$
Rental receivables	361,893	211,513	–	–
Other receivables	964,360	783,782	409,415	356,783
Rental and receivables, unimpaired	1,326,253	995,295	409,415	356,783
Deposits and prepayments	3,529,891	372,126	157,369	144,949
	4,856,144	1,367,421	566,784	501,732

Normally, monthly rentals are payable in advance by tenants in accordance with the leases. The rental receivables and other receivables of the group and the company were current and were aged less than 90 days. The group does not hold any collateral over these balances.

18. CASH AND BANK BALANCES

	The group		The company	
	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$
Time deposits	50,067,082	–	50,067,082	–
Cash at banks and in hand	45,441,396	12,681,273	30,716,732	11,865,128
	95,508,478	12,681,273	80,783,814	11,865,128

As at 31 March 2013, the time deposits had a term for original maturity of 1 month and bore interest at 0.55% per annum (2012: Nil).

Cash at banks of the group and the company amounting to HK\$29,959,705 (2012: HK\$11,171,610) earns interest at floating rates based on daily bank deposits rates.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

19. TRADE AND OTHER PAYABLES

	The group		The company	
	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$
Rental deposits received	2,353,876	2,346,473	63,000	52,400
Receipts in advance	159,806	666,132	1,500	–
Unclaimed dividends	505,520	523,275	505,520	523,275
Accrued expenses	1,158,058	989,076	531,902	525,379
	4,177,260	4,524,956	1,101,922	1,101,054

20. BANK BORROWING, SECURED

The bank loan is repayable as follows:

	The group	
	2013 HK\$	2012 HK\$
Current liabilities		
Within one year	1,149,600	–
After one year but not exceeding two years	1,149,600	–
After two years but not exceeding five years	3,448,800	–
After five years	10,639,800	–
	16,387,800	–

The bank loan is secured by an investment property with fair value of HK\$50,000,000 (2012: Nil), and bears interest at 2% above Hong Kong Interbank Offered Rate, or 1% per annum below Hong Kong Dollars Best Lending Rate of a commercial bank in Hong Kong.

The group needs to fulfill certain covenants on loan-to-security value ratio. If the group were to breach the covenants, the drawn down facilities would become payable on demand and the rent of the pledged properties collected by the bank. The group regularly monitors its compliance with these covenants. As at 31 March 2013, none of the covenants was breached.

The company has executed a corporate guarantee amounting to HK\$17,250,000 in favour of the bank for securing the aforesaid loan. The bank loan is renewable annually and has been renewed subsequently after the year end.

The directors consider the carrying amount of the bank borrowing approximates to its fair value.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

21. PROVISION FOR LONG SERVICE PAYMENTS

	The group		The company	
	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$
At the beginning of the year	1,121,900	1,093,200	416,500	403,000
Provision (reversed)/charged for the year	(32,300)	28,700	(7,500)	13,500
At the end of the year	1,089,600	1,121,900	409,000	416,500
Classification in the statement of financial position:				
Current	913,600	900,400	390,000	390,000
Non-current	176,000	221,500	19,000	26,500
	1,089,600	1,121,900	409,000	416,500

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.

22. DEFERRED TAXATION

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

The group

Deferred tax arising from:	Accelerated depreciation allowances HK\$	Unused tax losses HK\$	Total HK\$
At 1 April 2011, restated	588,620	–	588,620
Charged/(credited) to profit or loss, restated	51,676	(3,270)	48,406
At 31 March 2012 and 1 April 2012, restated	640,296	(3,270)	637,026
Charged to profit or loss	7,410	312	7,722
At 31 March 2013	647,706	(2,958)	644,748

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

22. DEFERRED TAXATION (Continued)

The company

Deferred tax arising from:	Accelerated depreciation allowances	Unused tax losses	Total
	HK\$	HK\$	HK\$
At 1 April 2011, restated	3,613	–	3,613
Credited to profit or loss, restated	(343)	(3,270)	(3,613)
At 31 March 2012 and 1 April 2012, restated (Credited)/charged to profit or loss	3,270 (312)	(3,270) 312	– –
At 31 March 2013	2,958	(2,958)	–

DEFERRED TAX ASSETS UNRECOGNISED

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

	The group		The company	
	2013	(Restated) 2012	2013	(Restated) 2012
	HK\$	HK\$	HK\$	HK\$
Unused tax loss	7,727,559	14,635,530	7,719,407	14,620,810

23. SHARE CAPITAL

	2013		2012	
	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 2013

24. RESERVES

The Group

	Notes	Capital reserve HK\$	Fair value reserve HK\$	Retained profits HK\$	Total HK\$
At 1 April 2011, previously stated		251,046	40,948,046	367,370,602	408,569,694
Change in accounting policy – Adoption of Amendment to HKAS 12		–	–	23,165,928	23,165,928
At 1 April 2011, restated		251,046	40,948,046	390,536,530	431,735,622
Profit for the year, restated		–	–	38,819,366	38,819,366
Decrease in fair value of available-for-sale financial assets		–	(12,759,519)	–	(12,759,519)
Total comprehensive income, restated		–	(12,759,519)	38,819,366	26,059,847
Dividends paid		–	–	(4,800,000)	(4,800,000)
Unclaimed dividend forfeited	25	–	–	40,605	40,605
At 31 March 2012 and 1 April 2012, restated		251,046	28,188,527	424,596,501	453,036,074
Profit for the year		–	–	177,732,701	177,732,701
Increase in fair value of available-for-sale financial assets		–	11,691,099	–	11,691,099
Reclassification adjustment relating to disposal of available-for-sale financial assets		–	(3,216,149)	–	(3,216,149)
Total comprehensive income		–	8,474,950	177,732,701	186,207,651
Dividends paid		–	–	(6,000,000)	(6,000,000)
Unclaimed dividend forfeited	25	–	–	43,130	43,130
At 31 March 2013		251,046	36,663,477	596,372,332	633,286,855

The company

	Retained profits	
	2013 HK\$	(Restated) 2012 HK\$
At the beginning of the year	158,982,449	167,556,539
Profit/(loss) for the year	48,553,520	(3,814,695)
Dividends paid	(6,000,000)	(4,800,000)
Unclaimed dividend forfeited	43,130	40,605
At the end of the year	201,579,099	158,982,449

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\$199,693,251 (2012: HK\$157,546,601).

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

25. DIVIDENDS

	2013 HK\$	2012 HK\$
Dividends attributable to the year –		
Interim dividend at HK\$0.02 (2012: HK\$0.02) per share paid during the year	800,000	800,000
Special dividend at HK\$0.03 (2012: Nil) per share paid during the year	1,200,000	–
Final dividend at HK\$0.10 (2012: HK\$0.10) per share proposed after the reporting period	4,000,000	4,000,000
Special dividend at HK\$0.07 (2012: Nil) per share proposed after the reporting period	2,800,000	–
	8,800,000	4,800,000
Unclaimed dividend forfeited (Note (a))	(43,130)	(40,605)
	8,756,870	4,759,395

Note (a) Pursuant to Article 145 of the Articles of Association of the company, on 8 March 2013 the board of directors resolved that the dividends for the financial years 2005/06 to 2006/07 amounting to HK\$43,130 payable on or before 17 January 2007 remained unclaimed on 8 March 2013 be forfeited and recognised in the equity.

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

26. PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

	The company (Restated)	
	2013 HK\$	2012 HK\$
Profit/(loss) attributable to the shareholders dealt with in the financial statements of the company, including dividend income from subsidiaries of HK\$37,400,000 (2012: HK\$5,400,000)	48,553,520	(3,814,695)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

27. OPERATING LEASE ARRANGEMENTS

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

	The group		The company	
	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$
Not later than one year	9,215,167	12,012,845	326,000	225,400
Later than one year and not later than five years	5,611,938	3,915,940	200,600	10,400
	14,827,105	15,928,785	526,600	235,800

The operating leases normally run from one to three years.

28. FINANCIAL GUARANTEES

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

	The company	
	2013 HK\$	2012 HK\$
Guaranteed amount (Maximum exposure to credit risk)	17,250,000	-
Outstanding balance of the bank loan	16,387,800	-

The company has guaranteed the bank loan of the subsidiary with the certain covenant as set out in note 20. Under the terms of the financial guarantee contract, the company will make payments to reimburse the bank upon failure of the subsidiary to make payments when due.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

29. CAPITAL MANAGEMENT

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

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

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

During the last and current year, the group maintained sufficient cash and cash equivalents which exceeded the total debts plus proposed dividend.

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

30. 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 trade and other receivables and bank balances, which are disclosed in note 17 and note 18 respectively.

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

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 institutions, who have obtained high credit rating with good credit standing, and the default risks are assessed low by the management.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

30. FINANCIAL INSTRUMENTS (Continued)

(b) LIQUIDITY RISK

The group regularly and closely monitors its current and expected liquidity position to ensure adequate funds are available for its short term and long term requirements. 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 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 2013						
Bank borrowing, secured, subject to a repayment on demand clause	16,387,800	18,125,384	1,492,937	1,468,051	4,254,845	10,909,551
Rental deposit received	2,353,876	2,353,876	2,353,876	–	–	–
Unclaimed dividends	505,520	505,520	505,520	–	–	–
	19,247,196	20,984,780	4,352,333	1,468,051	4,254,845	10,909,551
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	–	–	–
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 2013						
Rental deposit received	63,000	63,000	63,000	–	–	–
Unclaimed dividends	505,520	505,520	505,520	–	–	–
	568,520	568,520	568,520	–	–	–
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	–	–	–

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

30. FINANCIAL INSTRUMENTS (Continued)

(b) LIQUIDITY RISK (Continued)

The directors regularly monitor the compliance with the lending covenants of bank loan as set out in note 20.

The borrowing facilities were renewed after the reporting year end and are repayable in accordance with the scheduled repayment dates as set out in the loan agreement.

(c) CASH FLOW INTEREST RATE RISK

As the group has fixed deposits placed at banks at floating interest rates, interest rate risk arises from changes in market interest rates which affects the group's interest income. Except for the surplus funds retained with banks as detailed in note 18 to the financial statements, the group has no other significant interest-bearing assets at floating interest rates which are exposed to cash flow interest rate risk.

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

The following table details the interest rate profile of the group's and the company's borrowing (as defined above) at the end of the reporting period:

	The group				The company				
	2013		2012		2013		2012		
	Effective interest rate	HK\$	Effective interest rate	HK\$	Effective interest rate	HK\$	Effective interest rate	HK\$	
	%		%		%		%		
Variable rate borrowing:									
Bank borrowing, secured	2.21%-2.3%	16,387,800	-	-	-	-	-	-	-

The management considers that the risk is limited as the range of interest rate fluctuation 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.

30. FINANCIAL INSTRUMENTS *(Continued)***(d) PRICE RISK** *(Continued)*

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

- profit or loss for the year and retained profits would increase/decrease by approximately HK\$5.1 million (2012: HK\$4.8 million) due to increase/decrease in the fair value of trading securities.
- total equity would increase/decrease by approximately HK\$9.5 million (2012: HK\$8.9 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 the management's assessment of reasonably possible changes in the relevant share prices over the period until the next financial year end. The analysis is performed on the same basis for 2012.

(e) FAIR VALUE ESTIMATION

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

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

(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". The fair value of each financial instrument is 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 2013

30. FINANCIAL INSTRUMENTS (Continued)

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

The group	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
As at 31 March 2013				
Available-for-sale financial assets				
– listed shares in HK	95,543,787	–	–	95,543,787
Trading securities				
– listed shares in HK	51,100,180	–	–	51,100,180
	146,643,967	–	–	146,643,967
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
The company				
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
As at 31 March 2013				
Trading securities				
– listed shares in HK	51,100,180	–	–	51,100,180
As at 31 March 2012				
Trading securities				
– listed shares in HK	47,661,182	–	–	47,661,182

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

31. EVENTS AFTER THE END OF REPORTING PERIOD

- (a) On 10 April 2013, Wing Sum Investment Company Limited, a wholly-owned subsidiary of the company, completed the acquisition of a property located at Shop G, Ground Floor, Nanking Building, No. 1F Nanking Street, Kowloon at a consideration of HK\$31,300,000.

The acquisition was financed by a bank mortgage loan of HK\$15,650,000 and internal funds. Such banking facilities are subject to the fulfillment of covenants on loan-to-security value ratio. If there is a breach of covenants, the drawn down facilities would become payable on demand and the rent of the pledged properties collected by the bank. The directors regularly monitor the compliance with these covenants.

At the end of the reporting period, the group paid HK\$3,200,000 as deposit for the aforesaid acquisition thereof.

- (b) Up to 25 June 2013, the market value of the group's shares dropped by approximately of HK\$14.1 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 2013

(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

SCHEDULE OF PROPERTIES HELD BY THE GROUP

AS AT 31 MARCH 2013

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

	Location	Lot No.	Usage	Group's interest	Lease term
(6)	No. 96 Bonham Strand East, Sheung Wan, Hong Kong	Sec. E. of Inland Lot No. 863	Residential & Commercial	100%	Long
(7)	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
(8)	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
(9)	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
(10)	76 Waterloo Road, Kowloon:- Ground floor and mezzanine floor	Section D of Kowloon Inland Lot No. 3903	Commercial	100%	Long
(11)	No. 60 Ma Tau Chung Road, Kowloon	Sub-Section 1 of Section A of Kowloon Inland Lot No. 4311	Residential & Commercial	100%	Long
(12)	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
(13)	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				2013 HK\$'000
	(Restated) 2009 HK\$'000	(Restated) 2000 HK\$'000	(Restated) 2011 HK\$'000	(Restated) 2012 HK\$'000	
	Consolidated income statement				
Revenue	91,388	26,089	18,567	18,473	21,395
Profit before tax	5,046	74,315	75,875	40,296	179,430
Taxation	(2,737)	(1,241)	(1,653)	(1,476)	(1,698)
Profit for the year	2,309	73,074	74,222	38,820	177,732
Consolidated statement of financial position					
Property, plant and equipment	2,421	2,338	2,276	2,200	2,098
Investment properties	143,300	185,230	294,800	335,850	435,200
Properties held for or under development	9,100	9,900	9,900	9,900	11,600
Available-for-sale financial assets	67,644	96,255	99,220	89,492	95,544
Current assets	92,118	114,249	71,380	61,994	151,465
Current liabilities	(7,331)	(9,902)	(5,047)	(5,542)	(21,800)
Non-current liabilities	(1,171)	(1,217)	(794)	(858)	(820)
Net assets	306,081	396,853	471,735	493,036	673,287

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, 23 August 2013 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 2013.
2. To approve a Final Dividend of HK\$0.10 per share and a Special Dividend of HK\$0.07 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, 26 June 2013

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, 19 August 2013 to Friday, 23 August 2013, 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, 16 August 2013.
- (2) The register of members of the Company will also be closed from Monday, 2 September 2013 to Wednesday, 4 September 2013, both days inclusive, during which period no transfer of shares of the Company will be registered for the purpose of ascertaining the entitlement to the proposed final dividend and special dividend for the year ended 31 March 2013. To qualify for the receipt of the proposed final dividend and special 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, 30 August 2013.
- (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 Tai Wai, Mr. So Kwok Wai Benjamin and Dr. Ng Chi Yeung, Simon, will retire by rotation from office and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

NOTICE OF 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 2012/2013.
- (8) The Board has assessed the independence of Dr. Ng Chi Yeung, Simon who has served the Board for more than nine years. Dr. Ng was appointed as an independent non-executive director in 1995. Save for his role as an independent non-executive director, Dr. Ng has not held any executive or management role and is not involved in the daily management of the company and the group, nor is he in any relationship or circumstances which would interfere with the exercise of his independent judgment. Dr. Ng has provided a written confirmation of independence to the company. The Board is satisfied that Dr. Ng meets the independence requirements of the Listing Rules notwithstanding the length of his service with the company and believes that Dr. Ng is still independent and should be re-elected as an independent non-executive director at the forthcoming annual general meeting.