

2013/2014 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
Simon Reid-Kay & Associates

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>

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Ng See Wah, aged 84, 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 53, 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 49, 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 17 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 56, 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 51, 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 16 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 64, 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 40 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; The Hong Kong Institute of Chartered Secretaries and The Hong Kong Institute of Directors. He is currently the company secretary of Minth Group Limited and serves as an independent non-executive director of VODone Limited, Matrix Holdings Limited, Bio-Dynamic Group Limited, China Fire Safety Enterprise Group Limited, Chiho-Tiande Group Limited, SCUD Group Limited, Zhong An Real Estate Limited, Tianjin Development Holdings Limited, China Household Holdings Limited, Wing Lee Holdings Limited and Tian He Chemicals Limited, which are companies listed on The Stock Exchange of Hong Kong Limited.

Dr. Ng Chi Yeung, Simon, aged 56, 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 Opes Asia Development 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 Institutes for Worship Studies. He has been appointed as independent non-executive director of the company since 1 October 1995. He is also the chairman of the remuneration committee and a member of the audit committee, the nomination committee and the corporate governance committee of the company.

Ms. Chan Suit Fei, Esther, aged 56, 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 33 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 55, 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 25 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 40, 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 2014.

RESULTS AND DIVIDENDS

For the year under review, the revenue of the group increased by HK\$881,105 (or 4.12%), to HK\$22,276,396. The group's profit for the year substantially decreased by HK\$148,586,708 (or 83.6%), to HK\$29,145,993. The decrease was mainly attributable to decrease in realised and revaluation gain regarding investment properties amounting to HK\$39,789,785 and HK\$94,301,422 respectively, decrease in realised gain on disposal of available-for-sale financial assets of HK\$2,705,580, increase of HK\$1,300,000 for impairment loss on listed share investments, and the fair value loss on trading securities of HK\$2,421,584 recorded during the year, as compared to the fair value gain on trading securities of HK\$7,095,206 in last year.

In January 2014, an interim dividend of HK\$0.02 per share was paid. The board now recommends a final dividend of HK\$0.10 per share, absorbing a total of HK\$4,000,000. Subject to approval by the shareholders, such dividends will be payable on 17 September 2014.

REVIEW OF OPERATIONS

PROPERTY INVESTMENT

The rental income and the result (excluding a revaluation gain of HK\$17,882,160) of the group's property leasing business increased by HK\$1,826,117 (or 12.4%) and HK\$1,731,368 (or 15.1%) to HK\$16,449,823 and HK\$13,172,254 respectively, as compared to last year. Better rental contributions by properties acquired in April 2013 and in January 2014 gave rise such increase.

In last year, the group disposed of two shops and one residential unit at a total consideration of HK\$89,750,000, resulting in total capital gain of HK\$39,789,785. This year, the group did not dispose of any investment properties.

During the year, the group increased its properties investment portfolio through two acquisitions. The group completed the acquisition of the property located at Shop G, Ground Floor, Nanking Building, No. 1F Nanking Street, Kowloon ("Nanking Street Property") at a total cost of HK\$32,817,840 in April 2013. Also, the group completed the acquisition of the entire shares of Howe Kaye Investments Limited ("Howe Kaye") at a consideration of HK\$45,380,000 on 10 January 2014. Howe Kaye mainly owns the property located at Ground Floor, including mezzanine floor of 76A Waterloo Road, Kowloon. Such acquisition contributed a gain on acquisition of HK\$320,000 to the group which was shown in "Other net (loss)/profit" in the consolidated profit or loss account, while the acquisition related cost of HK\$470,418 was included in "Administrative and general expenses" in the consolidated profit or loss account.

Since the Hong Kong government's additional stamp duty measures on the local property market, the property prices have become relatively stabilised, notably in the second-half of the fiscal financial year. Despite such measures, the group has still recorded a revaluation gain on HK\$17,882,160 (2013: HK\$112,183,582) during the year. As at 31 March 2014, the total value of group's investment properties reached HK\$531,600,000 (2013: HK\$435,200,000).

PROPERTY DEVELOPMENT

During the year, the group recorded a fair value gain of HK\$700,000 (2013: HK\$1,700,000) 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.

CHAIRMAN'S STATEMENT

SHARE INVESTMENTS AND DIVIDEND INCOME

Dividend income increased by HK\$316,138 (or 6.2%) to HK\$5,423,049 as compared to last year.

During the year, the group reported realised gains on disposal of trading securities and available-for-sale financial assets in the amounts of HK\$403,524 and HK\$256,292 respectively (2013: HK\$1,664,674 and HK\$2,961,872). As the recovery of global economy remained uncertain, it affects the growth pace of certain business sectors. Consequently, the group recorded impairment loss of HK\$1,300,000 (2013: Nil) on the group's listed share investment during the year. In addition, the group reported unrealised loss on trading securities of HK\$2,421,584 (2013: unrealised gain of HK\$7,095,206) in the statement of profit or loss, and unrealised loss on available-for-sale financial assets of HK\$8,313,112 (2013: unrealised gain of HK\$11,691,099) in statement of other comprehensive income. As at 31 March 2014, the group's listed share investment portfolios had an aggregate fair value of HK\$142,182,924 (2013: HK\$146,643,967).

LIQUIDITY AND FINANCIAL RESOURCES

During the year, the group obtained another bank mortgage loan of HK\$15,650,000 for financing the acquisition of property in April 2013. As a result, the finance cost for the year increased by HK\$389,841 (or 135%) to HK\$679,161, as compared to last year. As at 31 March 2014, the group's total bank borrowings were HK\$30,173,200 (2013: HK\$16,387,800) which are wholly repayable after 5 years. The group's gearing ratio, which was taken as bank borrowings to total shareholders' equity, raised from 2.4% to 4.4%. Also, the group obtained additional banking credit facilities of HK\$50,000,000, which was secured by investment properties with fair value of HK\$106,400,000 in second half financial year. The group's banking facilities are subject to review annually and will be due for negotiation in April 2015. During the year, the group diligently monitored its compliance with the lending bank's covenants on loan-to-security value ratio.

Subsequent to the acquisitions in April 2013 and January 2014, the cash held by the group at 31 March 2014 had been reduced by HK\$60,127,594 (or 63%) to HK\$35,380,884 as compared to last year (2013: HK\$95,508,478). The management continues to operate under a prudent financial policy. The management will implement all necessary measures to ensure the group maintaining adequate cash and appropriate credit facilities to meet its future operating and project development expenditure, and loan repayment obligations. The management will execute additional credit facilities to strengthen the cash position of the group for operating and future potential investment in the coming year. In the long run, the group will continue to adopt an optimum financial structure for the best interest of shareholders in light of changes in economic conditions.

ASSETS PLEDGED

As at 31 March 2014, the investment properties with an aggregate carrying value of HK\$190,400,000 (2013: HK\$50,000,000) were pledged to a bank to secure general banking facilities. The bank borrowings of HK\$30,173,200 (2013: HK\$16,387,800) have been executed and secured by investment properties with fair value of HK\$84,000,000 (2013: HK\$50,000,000).

EMPLOYEE AND EMOLUMENT POLICY

As at 31 March 2014, the group had 3 (2013: 3) employees (excluding 3 executive directors). The company's emolument policy is to ensure that the remuneration offered to employees including executive directors and senior management is based on the skill, knowledge, responsibilities and involvement in the company's affairs. The remuneration packages of the group's employees are periodically reviewed objectively and according to the individual performance.

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

The overheating situation of the Hong Kong property market has been under control after the Hong Kong Government implemented periodically stringent measures in connection therewith. Such measures are consistent with the Government's policy directive for according priority to the home ownership needs of Hong Kong citizens. Barring unforeseeable economic policy changes, the management expects the value of property will be more stable or even reduced slightly in the foreseeable future, as compared to the last two years. Exercising a prudent financial policy, the management expects the group will cope with the possible challenges in the coming year diligently. The group also expects there will be moderate decrease in the average occupancy rate and sustainable downward pressure on renewal/new tenancies in our property leasing business. As the interest rate is still low, the group will look for desirable property investment opportunities cautiously. For the securities business, 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, 25 June 2014

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 complied with all the Code Provisions of the Code throughout the year ended 31 March 2014 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.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

As at 31 March 2014, 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 2013(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	1/1	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	1/1	1/1	1/1	1/1
Dr. Ng Chi Yeung, Simon	5/5	2/2	1/1	1/1	1/1	1/1
Ms. Chan Suit Fei, Esther	5/5	2/2	1/1	1/1	1/1	1/1

CORPORATE GOVERNANCE REPORT

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 and is available on the Exchange's and the company's websites. The committee reviews the remuneration package of the executive directors, non-executive directors and senior management, and makes appropriate recommendations to the board. Staff remuneration is determined by the group's management by reference to their qualification, work experience, performance and prevailing market conditions.

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

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 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 and is available on the Exchange's and the company's website.

The chairman of the nomination committee is Ms. Chan Suit Fei, Esther and the committee members are Dr. 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.

CORPORATE GOVERNANCE REPORT

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. On 1 September 2013, the company adopts its own “Board Diversity Policy”. This policy will be firstly implemented in June 2014. The company views that the increasing diversity at the Board level will benefit the company’s overall sustainable development. In designing the board’s composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional skills, knowledge or length of service. All board appointment will be based on merit, and candidates will be considered against objective criteria, with due regard for the benefits of diversity on the Board. The measurable objectives are as follows:

- Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional skills, knowledge or length of service.
- The Board should ensure the balance of skills and experience to ensure an optimum Board and efficient stewardship.
- The Board should ensure that it comprises Directors who are sufficiently experienced and independent in character and judgement.
- The final decision will be based on merits and their potential contribution that the selected candidates will bring to the Board.

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 2013.

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 and is available on the Exchange’s and the company’s website.

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”.

AUDIT COMMITTEE *(Continued)*

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 and is available on the company's website.

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;
- review of the training and continuous professional development of directors and senior management; and
- review of the company's compliance with the code and disclosure in the Corporate Governance Report for the year ended 31 March 2013.

CORPORATE GOVERNANCE REPORT

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 2014 is as follows:

	HK\$
Audit fee	227,500
Other non-audit services	
Taxation services	22,500
Interim review services	38,000
	60,500
Other non-audit professional services provided by affiliated company	78,395
Total	366,395

ACCOUNTABILITY

The directors acknowledge their responsibility for preparing the financial statements of the company which give a true and fair view in accordance with Hong Kong Financial Reporting Standards. The directors consider that the financial statements have been prepared in conformity with the generally accepted accounting standards in Hong Kong, and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgement of the board and management with an appropriate consideration of materiality.

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

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

COMPANY SECRETARY

All directors have access to the advice and services of the company secretary, Ms. Mimoona Ma. She is an employee of the company and is appointed by the board. The company secretary supports the chairman, the board and the board committees by ensuring good information flow within the board and that the board policy and procedures are followed. She reports to the 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 "CO"). As the New Companies Ordinance, Chapter 622 of the Laws of Hong Kong ("New CO") has been effective since 3 March 2014, these procedures are subject to the provision of New CO after 3 March 2014.

CONVENING AN ANNUAL GENERAL MEETING (AGM)

(1) *UNDER THE CO (BEFORE 3 MARCH 2014)*

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 CO, 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 shareholders, 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 said shareholder(s) (or 2 or more copies which between them contain the signatures of all the said shareholders) and shall be deposited at the company's registered office at 501-2, 5/F, Lee Kiu Building, 51 Jordan Road, Kowloon, for the attention of the company secretary not later 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.

(2) *UNDER NEW CO (ON OR AFTER 3 MARCH 2014)*

Pursuant to section 610(1) of New CO, a company must, in respect of each financial year of the company, hold a general meeting as its AGM within 6 months after the end of its accounting reference period by reference to which the financial year is to be determined. If the company fails to hold an AGM under section 610(1) of New CO, any shareholder can pursuant to section 610(7) of New CO apply to the court in Hong Kong, and the court may then call or direct the calling of an AGM and give such ancillary or consequential direction. Usually, the company holds AGM in every August.

Pursuant to section 615(2) of New CO, shareholders holding at least 2.5% of the total voting rights of all shareholders who have a right to vote on resolution at the AGM to which the requests relate; or at least 50 shareholders who have a right to vote on the resolution at the AGM to which the requests relate, can submit a written request to move a resolution at the AGM.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHT *(Continued)*

CONVENING AN ANNUAL GENERAL MEETING (AGM) *(Continued)*

(2) UNDER NEW CO (AFTER 3 MARCH 2014) *(Continued)*

The request shall state the resolution of which notice is to be given. The request shall be signed by the said shareholder(s) (or 2 or more copies which between them contain the signatures of all the said shareholders) and shall be deposited at the company's registered office at 501-2, 5/F, Lee Kiu Building, 51 Jordan Road, Kowloon, for the attention of the company secretary not less than 6 weeks before the AGM to which the requests relate; or if later, the time at which notice is given of that meeting. The request will be verified with the company's Share Registrar. Once the request is verified as proper and in order, the company secretary will ask the Board of Directors to include the resolution in the agenda for the AGM. On the contrary, if the request has been verified as not in order, the said shareholders will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the AGM.

Pursuant to section 616 of the New CO, the company that is required under section 615 to give notice of a resolution must send a copy of it at the company's own expense to each shareholder of the company entitled to receive notice of the AGM in the same manner as the notice of the meeting; and at the same time as, or as soon as reasonably practicable after, it gives notice of the meeting.

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

CIRCULATION OF STATEMENT AT AGM/GENERAL MEETING (GM)

Pursuant to section 580 of the New CO, shareholders representing at least 2.5% of the total voting rights of all shareholders who have a relevant right to vote at the meeting; or at least 50 shareholders who have a relevant right to vote at the meeting may request the company to circulate, to shareholders of the company entitled to receive notice of a general meeting, a statement of not more than 1,000 words with respect to the matter mentioned in a proposed resolution to be dealt with at that meeting or other business to be dealt with at that meeting.

The proposed statement must be signed by the said shareholder(s) (or 2 or more copies which between them contain the signatures of all the said shareholders) and shall be deposited at the company's registered office at 501-2, 5/F, Lee Kiu Building, 51 Jordan Road, Kowloon, for the attention of the company secretary at least 7 days before the meeting to which the request relates. The request will be verified with the company's Share Registrar. Once the request is verified as proper and in order, the company will circulate the statement to each shareholder of the company entitled to receive notice of the meeting provided that:

- (1) if the request relates to an AGM, the proposed statement is received in time to enable the company to send a copy of the statement when the notice of AGM is dispatched. Otherwise, the said shareholder(s) have to deposit a sum reasonably sufficient to meet the company's expenses in circulating the statement submitted by the said shareholders not later than 7 days before the AGM.
- (2) if the request relates to a GM, the said shareholders have to deposit a sum reasonably sufficient to meet the company's expenses in circulating the statement submitted by the said shareholders not later than 7 days before the GM.

SHAREHOLDERS' RIGHT *(Continued)*

CIRCULATION OF STATEMENT AT AGM/GENERAL MEETING (GM) *(Continued)*

On the contrary, if the request has been verified as not in order, not received in time for the company to include a copy of the proposed statement in the notice of AGM or the said shareholders have failed to deposit sufficient money to meet the company's expenses for the said purposes, the said shareholders will be advised of this outcome and accordingly, the proposed statement will not be circulated to shareholders who entitle to receive notice of the meeting.

CONVENING AN EXTRAORDINARY GENERAL MEETING(EGM)/GENERAL MEETING (GM)

Before 3 March 2014, pursuant to section 113 of the CO, 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. After 3 March 2014, pursuant to section 566 of the New CO, the directors are required to call a general meeting if the company has received requests to do so from shareholders of the company representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings.

Subject to the CO and New CO, written request shall state the objects of the meeting, shall be signed by the said shareholder(s) (which may be contained in one document or in several documents in like form) and shall be deposited at the company's registered office at 501-2, 5/F, Lee Kiu Building, 51 Jordan Road, Kowloon, for the attention of the company secretary. The request will be verified with the company's Share Registrar. Once the request is verified as proper and in order, the company secretary will ask the Board of Directors to convene an EGM/GM by serving sufficient notice in accordance with the statutory requirement. On the contrary, if the request has been verified as not in order, the said shareholder(s) will be advised of this outcome and accordingly, the EGM/GM will not be convened as requested.

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

ENQUIRIES TO THE BOARD

The company convenes 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.

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the company and of the group for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

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

An analysis of the group's performance for the year by business segments is set out in note 6 to the financial statements.

FINANCIAL STATEMENTS

The results of the group for the year ended 31 March 2014 and the state of affairs of the company and of the group at that date are set out in the financial statements on pages 25 to 66.

DIVIDENDS

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

The directors now recommend that a final dividend of HK\$0.10 per share on 40,000,000 shares in issue totaling HK\$4,000,000 be payable in respect of the year ended 31 March 2014.

NON-CURRENT ASSETS

The movements in property, plant and equipment and investment properties during the year are set out in notes 14 and 15 to the financial statements respectively.

SUBSIDIARIES

The particulars of the subsidiaries of the company as at 31 March 2014 are set out in note 17 to the financial statements.

BANK BORROWINGS

The particulars of bank borrowings of the group as at 31 March 2014 are set out in note 21 to the financial statements.

SHARE CAPITAL

Particular of the movements in share capital of the company are set out in note 24 to the financial statements.

RESERVES

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

DIRECTORS

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 Yin, Victor, Dr. Loke Yu alias Loke Hoi Lam and Ms. Chan Suit Fei, Esther will retire by rotation and, being eligible, offer themselves for re-election.

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

The Board has also assessed the independence of Ms. Chan Suit Fei, Esther, who has served the Board for more than nine years. Ms. Chan was appointed as an independent non-executive director in 2004. Save for her role as an independent non-executive director, Ms. Chan does not hold any executive or management role and is not involved in the daily management of the company and the group, nor is she in any relationship or circumstances which would interfere with the exercise of her independent judgment. Ms. Chan has provided a written confirmation of independence to the company. The Board is satisfied that Ms. Chan meets the independence requirements of the Listing Rules notwithstanding the length of her service with the company and believes that Ms. Chan is still independent and should be re-elected as an independent non-executive director at the forthcoming annual general meeting.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2014, 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	9,393,423	–	3,370,500*	–	12,763,923
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	4,989,923	36,000	–	–	5,025,923
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 2014, no person, other than certain directors of the company, had notifiable interest or short position in the shares or underlying shares of the company as recorded in the register maintained pursuant to section 336 of the SFO.

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 2014 attributable to the largest tenant and the five largest tenants in aggregate were 23% and 55% respectively.

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

The group had no significant purchases during the year.

DIRECTORS' REPORT

RETIREMENT SCHEME

Particulars of the retirement scheme are set out in note 4.10 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, 25 June 2014

INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report to the Shareholders of

WINFAIR INVESTMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Winfair Investment Company Limited and its subsidiaries set out on pages 25 to 66, which comprise the consolidated and company statements of financial position as at 31 March 2014, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other 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 Predecessor Hong Kong Companies Ordinance Cap 32 ("the 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 consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the 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 2014 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 Companies Ordinance.

Wong Brothers & Co.

Certified Public Accountants

Hong Kong, 25 June 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 HK\$	2013 HK\$
Revenue	7	22,276,396	21,395,291
Other revenue	8	526,361	326,538
Other net (loss)/income	8	(2,445,292)	51,546,863
Fair value gain on investment properties		17,882,160	112,183,582
Administrative and general expenses		(6,405,063)	(5,732,479)
Finance cost		(679,161)	(289,320)
Profit before taxation	9	31,155,401	179,430,475
Taxation	12	(2,009,408)	(1,697,774)
Profit after taxation attributable to the equity shareholders of the company		29,145,993	177,732,701
Earnings per share (Basic and diluted)	13	HK\$0.73	HK\$4.44

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2014

	2014	2013
	HK\$	HK\$
Profit for the year	29,145,993	177,732,701
Other comprehensive income for the year		
<i>Items that will not be classified subsequently to profit or loss</i>		
Impairment losses on available-for-sale financial assets recognised in profit or loss	1,300,000	–
<i>Items that may be reclassified subsequently to profit or loss</i>		
(Decrease)/increase in fair value of available-for-sale financial assets	(8,313,112)	11,691,099
Release of fair value reserve upon disposal of available-for-sale financial assets	(120,915)	(3,216,149)
	(7,134,027)	8,474,950
Total comprehensive income, net of tax, for the year attributable to equity shareholders of the company	22,011,966	186,207,651

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014

	Notes	2014		2013	
		HK\$	HK\$	HK\$	HK\$
ASSETS					
Non-current assets					
Property, plant and equipment	14		2,015,829		2,098,635
Investment properties	15		531,600,000		435,200,000
Properties held for or under development	16		12,300,000		11,600,000
Available-for-sale financial assets – equity shares listed in Hong Kong			87,334,899		95,543,787
			633,250,728		544,442,422
Current assets					
Trading securities – equity shares listed in Hong Kong			54,848,025		51,100,180
Trade and other receivables	18		1,951,849		4,856,144
Cash and bank balances	19		35,380,884	92,180,758	95,508,478
					151,464,802
Current liabilities					
Trade and other payables	20		5,033,439		4,177,260
Bank borrowings – secured	21		30,173,200		16,387,800
Tax payable			704,960		320,961
Provision for long service payments	22		928,000	(36,839,599)	913,600
					(21,799,621)
Net current assets			55,341,159		129,665,181
Total assets less current liabilities			688,591,887		674,107,603
Non-current liabilities					
Provision for long service payments	22		133,000		176,000
Deferred taxation	23		716,986	(849,986)	644,748
					(820,748)
NET ASSETS			687,741,901		673,286,855
CAPITAL AND RESERVES					
Share capital	24		40,000,000		40,000,000
Reserves	25		647,741,901		633,286,855
			687,741,901		673,286,855

Approved by the board of directors on 25 June 2014

Ng See Wah
Director

So Kwok Leung
Director

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014

	Notes	2014		2013	
		HK\$	HK\$	HK\$	HK\$
ASSETS					
Non-current assets					
Property, plant and equipment	14		16,798		18,664
Investment properties	15		4,000,000		3,700,000
Interest in subsidiaries	17		147,086,133		106,920,579
			151,102,931		110,639,243
Current assets					
Trading securities – equity shares listed in Hong Kong			54,848,025		51,100,180
Trade and other receivables	18		606,852		566,784
Cash and bank balances	19		33,101,350	88,556,227	80,783,814
					132,450,778
Current liabilities					
Trade and other payables	20		1,422,169		1,101,922
Provision for long service payments	22		390,000	(1,812,169)	390,000
					(1,491,922)
Net current assets			86,744,058		130,958,856
Total assets less current liabilities			237,846,989		241,598,099
Non-current liabilities					
Provision for long service payments	22		(13,000)		(19,000)
NET ASSETS			237,833,989		241,579,099
CAPITAL AND RESERVES					
Share capital	24		40,000,000		40,000,000
Reserves	25		197,833,989		201,579,099
			237,833,989		241,579,099

Approved by the board of directors on 25 June 2014

Ng See Wah
Director

So Kwok Leung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2014

	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 2012	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					
<i>Items that may be reclassified subsequently to profit or loss</i>					
- Increase in fair value of available-for-sale financial assets	-	-	11,691,099	-	11,691,099
- Release of fair value reserve upon disposal of available-for-sale financial assets	-	-	(3,216,149)	-	(3,216,149)
Total comprehensive income for the year	-	-	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 and 1 April 2013	40,000,000	251,046	36,663,477	596,372,332	673,286,855
Profit for the year	-	-	-	29,145,993	29,145,993
Other comprehensive income for the year					
<i>Items that will not be classified subsequently to profit or loss</i>					
- Impairment losses on available-for-sale financial assets	-	-	1,300,000	-	1,300,000
<i>Items that may be reclassified subsequently to profit or loss</i>					
- Decrease in fair value of available-for-sale financial assets	-	-	(8,313,112)	-	(8,313,112)
- Release of fair value reserve upon disposal of available-for-sale financial assets	-	-	(120,915)	-	(120,915)
Total comprehensive income for the year	-	-	(7,134,027)	29,145,993	22,011,966
Dividends paid					
- 2012/13 final dividend (HK\$0.10 per share)	-	-	-	(4,000,000)	(4,000,000)
- 2012/13 special dividend (HK\$0.07 per share)	-	-	-	(2,800,000)	(2,800,000)
- 2013/14 interim dividend (HK\$0.02 per share)	-	-	-	(800,000)	(800,000)
Unclaimed dividend forfeited	-	-	-	43,080	43,080
At 31 March 2014	40,000,000	251,046	29,529,450	617,961,405	687,741,901

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014 HK\$	2013 HK\$
Operating activities			
Profit before taxation		31,155,401	179,430,475
Adjustments for:			
Gain on disposal of available-for-sale financial assets		(256,292)	(2,961,872)
Gain on disposal of investment properties		–	(39,789,785)
Gain on acquisition of subsidiary		(320,000)	–
Fair value gain on properties held for or under development		(700,000)	(1,700,000)
Fair value loss/(gain) on trading securities		2,421,584	(7,095,206)
Fair value gain on investment properties		(17,882,160)	(112,183,582)
Impairment losses on available-for-sale financial assets		1,300,000	–
Holding gain/(loss) on trading securities realised		1,633	(1,018,511)
Interest income		(412,361)	(214,038)
Interest expenses		679,161	289,320
Changes in provision for long service payments		(28,600)	(32,300)
Depreciation		82,806	84,188
Loss on disposal of property, plant and equipment		–	18,666
Operating profit before working capital changes		16,041,172	14,827,355
(Increase)/decrease in trading securities		(6,171,062)	4,674,719
Increase in trade and other receivables		(258,162)	(288,723)
Increase/(decrease) in trade and other payables		563,136	(304,566)
Cash generated from operations		10,175,084	18,908,785
Profits tax paid		(1,590,714)	(1,201,398)
Net cash generated from operating activities		8,584,370	17,707,387
Investing activities			
Purchase of property, plant and equipment		–	(1,298)
Purchase of investment properties		(32,817,840)	(36,166,418)
Acquisition of subsidiary		(45,043,877)	–
Decrease/(increase) in deposit paid for the acquisition of investment properties		3,200,000	(3,200,000)
Proceeds from disposal of investment properties		–	88,789,785
Purchase of available-for-sale financial assets		(975,224)	(1,050,492)
Proceeds from disposal of available-for-sale financial assets		1,006,377	6,435,723
Interest received		412,361	214,038
Net cash (used in)/generated from investing activities		(74,218,203)	55,021,338
Financing activities			
New bank borrowing obtained		15,650,000	17,250,000
Repayment of bank borrowing		(1,864,600)	(862,200)
Dividends paid		(7,600,000)	(6,000,000)
Interest paid		(679,161)	(289,320)
Net cash generated from financing activities		5,506,239	10,098,480
Net (decrease)/increase in cash and cash equivalents		(60,127,594)	82,827,205
Cash and cash equivalents at beginning of year		95,508,478	12,681,273
Cash and cash equivalents at end of year, equivalent to cash and bank balances	19	35,380,884	95,508,478

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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 amendments to accounting standard issued by the HKICPA which are effective for the group’s and the company’s financial year beginning on 1 April 2013.

Amendments to HKAS 1	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement

AMENDMENTS TO HKAS 1 “PRESENTATION OF ITEMS OF OTHER COMPREHENSIVE INCOME”

The amendments to HKAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The group’s presentation of other comprehensive income in these consolidated financial statements has been modified accordingly. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 has had no impact on the results or financial position of the group. The amendments also change the titles “the income statement” to “Statement of profit or loss” and “Statement of comprehensive income” to “Statement of profit or loss and other comprehensive income”. The group has renamed these two consolidated statements thereon.

HKFRS 10 “CONSOLIDATED FINANCIAL STATEMENTS”

HKFRS 10 replaces the requirements in HKAS 27, Consolidated and separate financial statements relating to the preparation of consolidated financial statements and HK-SIC 12 Consolidation – Special purpose entities. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns. As a result of the adoption of HKFRS 10, the group has amended the definition of control in its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the group.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

3. ADOPTION OF NEW AND REVISED HKFRSs *(Continued)*

HKFRS 12 “DISCLOSURE OF INTERESTS IN OTHER ENTITIES”

HKFRS 12 brings together into a single standard for the disclosure requirements relevant to the group's and company's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities, which contain more extensive disclosure requirements than those financial information previously required. Other than additional disclosure requirements for financial information, the adoption of HKFRS 12 has no material impact on the group's and the company's financial position and results for the current and prior years.

HKFRS 13 “FAIR VALUE MEASUREMENT”

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Accordingly, the group has provided those disclosures in notes 31(f) and 32.

Except as described above, the application of other amendments to HKFRSs in the current year has no material impact on the group's and the company's financial position and results for the current and prior years.

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 and the company's financial statements for the year ended 31 March 2014:

		Effective for accounting periods beginning on or after
HKFRS 9	Financial Instruments	Unspecified
HKFRS 9 and 7 (Amendments)	Mandatory Effective date and Transition Disclosures	Unspecified
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment Entities	1 January 2014
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKAS 19 (2011) (Amendments)	Defined Benefits Plans – Employee Contributions	1 July 2014
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedging Accounting	1 January 2014
HK(IFRIC) – Int 21	Levies	1 January 2014
Annual improvements to HKFRSs 2010-2012 Cycle		1 July 2014
Annual improvements to HKFRSs 2011-2013 Cycle		1 July 2014

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.

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 2014. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective date of acquisition or disposal respectively.

Inter-company transactions, balances and unrealised gains on transaction between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiary companies have been changed where necessary in the consolidated accounts to ensure consistency with the policies adopted by the group.

BUSINESS COMBINATIONS

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interest issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an transaction-by-transaction basis, either at fair value or when applicable, on the basis specified in another HKFRS.

Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsequent acquired in the case of a bargaining purchase, the difference is recognised directly in the profit or loss.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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

4.2 SUBSIDIARIES

A subsidiary is an entity (including a structured entity) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from the involvement with entity and has ability to affect those returns through its power over the entity.

Investments in subsidiaries in the company's statement of financial position are stated at cost less impairment losses. Results of subsidiaries are accounted for by the company on the basis of dividend and receivable.

The company only provides financial support and guarantee to its wholly subsidiaries in order to enhance the returns for shareholders and to reduce the cost of capital.

Impairment testing of the investments in subsidiaries is required if the carrying amount of the investment in separate financial statements exceeds the carrying amount of its net assets, including goodwill, in the consolidated financial statements. Provision for impairment loss is recognised in accordance with the accordingly policy in note 4.6.

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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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

4.4 INVESTMENT PROPERTIES *(Continued)*

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

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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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

4.7 INVESTMENTS IN EQUITY SECURITIES *(Continued)*

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

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

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

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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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

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.

4.10 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, unless the effect is insignificant.

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

4.12 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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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

4.13 TAXATION *(Continued)*

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

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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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

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.

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 of 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 2014

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These judgements, estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

These judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

ESTIMATE OF FAIR VALUE OF INVESTMENT PROPERTIES/PROPERTY HELD FOR OR UNDER DEVELOPMENT

The best evidence of fair value is current prices in an active market for similar lease and other contracts. The fair value of investment properties and property held for or under development are determined by RHL Appraisal Limited, an independent firm of professional surveyors, on open market basis with reference to comparable market transaction. Valuation report is conducted twice per year based on the group's reporting period end and reported to the management.

The directors will review the property valuation movements when compared to the prior year valuation report and the reasonableness of the market value estimates. The principal assumptions underlying the directors' estimation of fair value are those related to, namely the receipt of contractual rentals, expected future market rentals, void periods, maintenance requirements, and appropriate discount rates. The valuations are regularly compared to actual market yield data and actual transaction by the group and those reported by the market. Details of valuation techniques and inputs in determining the fair value are disclosed in note 32.

6. 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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

6. SEGMENT INFORMATION (Continued)

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	
	2014	2013	2014	2013	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
STATEMENT OF PROFIT OR LOSS								
Segment revenue – from external customer	5,826,573	6,771,585	16,449,823	14,623,706	-	-	22,276,396	21,395,291
Segment results	1,869,934	12,388,800	13,172,254	11,440,886	83,761	80,428	15,125,949	23,910,114
Gain on disposal of available-for-sale financial assets	256,292	2,961,872	-	-	-	-	256,292	2,961,872
Gain on disposal of investment properties	-	-	-	39,789,785	-	-	-	39,789,785
Fair value gain on investment properties	-	-	17,882,160	112,183,582	-	-	17,882,160	112,183,582
Fair value gain on properties held for or under development	-	-	-	-	700,000	1,700,000	700,000	1,700,000
Impairment losses on available-for-sale financial assets	(1,300,000)	-	-	-	-	-	(1,300,000)	-
Results before interest, tax and corporate expenses	826,226	15,350,672	31,054,414	163,414,253	783,761	1,780,428	32,664,401	180,545,353
Gain on acquisition							320,000	-
Acquisition-related cost							(470,418)	-
Interest income							412,361	214,038
Interest expense							(679,161)	(289,320)
Unallocated corporate expenses							(1,091,782)	(1,039,596)
Profit before taxation							31,155,401	179,430,475
Taxation							(2,009,408)	(1,697,774)
Profit after taxation							29,145,993	177,732,701

Revenue and expenses are allocated to the operating segments by reference to revenue generated by those segments and the expenses incurred by those segments including depreciation and impairment losses attributable to those segments.

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

The group's customer base is diversified and includes one tenant of leasing properties with whom transactions have exceeded 10% of the group's revenues amounted to approximately HK\$3.8 million (2013: HK\$3.36 million).

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

6. SEGMENT INFORMATION (Continued)

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

	Securities investments		Property leasing		Property development		Consolidated total	
	2014	2013	2014	2013	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
STATEMENT OF FINANCIAL POSITION								
Assets								
Segment assets	144,207,125	148,251,455	536,194,741	455,299,628	12,357,859	11,648,689	692,759,725	615,199,772
Unallocated corporate assets							32,671,761	80,707,452
Consolidated total assets							725,431,486	695,907,224
Liabilities								
Segment liabilities	700,380	695,064	34,364,390	20,053,574	176,500	168,000	35,241,270	20,916,638
Tax payable and deferred taxation	-	-	1,418,385	963,941	3,561	1,768	1,421,946	965,709
	700,380	695,064	35,782,775	21,017,515	180,061	169,768	36,663,216	21,882,347
Unallocated corporate liabilities							1,026,369	738,022
Consolidated total liabilities							37,689,585	22,620,369
OTHER INFORMATION								
Capital expenditure	-	-	32,817,840	36,167,716	-	-	32,817,840	36,167,716
Acquisition of subsidiary (consideration)	-	-	45,380,000	-	-	-	45,380,000	-
Purchase of available-for-sale financial assets	975,224	1,050,492	-	-	-	-	975,224	1,050,492
Gain on acquisition	-	-	320,000	-	-	-	320,000	-
Loss on disposal of property, plant and equipment	-	-	-	18,666	-	-	-	18,666
Depreciation	1,773	1,991	81,033	82,197	-	-	82,806	84,188
Fair value (loss)/gain on trading securities	(2,421,584)	7,095,206	-	-	-	-	(2,421,584)	7,095,206

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 2014

7. REVENUE

	The group	
	2014	2013
	HK\$	HK\$
Gross rental income from investment properties	16,449,823	14,623,706
Dividend income from share investments listed in Hong Kong		
– trading securities	2,031,448	1,811,896
– available-for-sale financial assets	3,391,601	3,295,015
	5,423,049	5,106,911
Net result of trading in securities	403,524	1,664,674
	22,276,396	21,395,291

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

	The group	
	2014	2013
	HK\$	HK\$
Other revenue		
Bank interest income	412,361	214,038
Sundry income	114,000	112,500
	526,361	326,538
Other net (loss)/income		
Gain on disposal of investment properties	–	39,789,785
Gain on disposal of available-for-sale financial assets	256,292	2,961,872
Gain on acquisition (note 33)	320,000	–
Fair value (loss)/gain on trading securities	(2,421,584)	7,095,206
Fair value gain on properties held for or under development	700,000	1,700,000
Impairment losses on available-for-sale financial assets	(1,300,000)	–
	(2,445,292)	51,546,863

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

9. PROFIT BEFORE TAXATION

	The group	
	2014	2013
	HK\$	HK\$
Profit before taxation is stated after charging:		
Auditors' remuneration		
– audit services	227,500	197,000
– taxation services	22,500	18,000
– interim review	38,000	–
– other review	–	23,000
– other non-audit professional services provided by affiliated company	78,395	91,755
Depreciation	82,806	84,188
Direct operating expenses in respect of investment properties		
– that generated rental income	500,720	627,713
– that did not generate rental income	4,430	8,262
Interest on bank borrowings	679,161	289,320
Loss on disposal of property, plant and equipment	–	18,666
Preliminary expenses	5,350	–
Impairment losses on available-for-sale financial assets	1,300,000	–

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

10. DIRECTORS' REMUNERATION

The remuneration of the directors is as follows:-

	2014			
	Other emoluments			Total HK\$
	Fees HK\$	Salaries and other benefits HK\$	Mandatory provident fund contribution HK\$	
Executive directors –				
Ng See Wah (i)	85,000	1,288,664	–	1,373,664
Ng Tai Wai	85,000	598,738	15,000	698,738
Ng Tai Yin, Victor	85,000	459,732	15,000	559,732
Non-executive directors –				
So Kwok Leung	85,000	–	–	85,000
So Kwok Wai, Benjamin	85,000	–	–	85,000
Independent non-executive directors –				
Loke Yu alias Loke Hoi Lam	85,000	–	–	85,000
Ng Chi Yeung, Simon	85,000	–	–	85,000
Chan Suit Fei, Esther	85,000	–	–	85,000
	680,000	2,347,134	30,000	3,057,134

	2013			
	Other emoluments			Total HK\$
	Fees 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

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 2014

11. STAFF COST

	The group	
	2014	2013
	HK\$	HK\$
Directors' fees and salaries	3,027,134	2,835,338
Salaries and other benefits	1,027,858	969,474
Mandatory provident fund contribution	71,429	68,382
Provision for long service payments	(28,600)	(32,300)
	4,097,821	3,840,894

Among the five highest paid individuals of the group, three (2013: three) are executive directors whose emoluments are set out in note 10 to the financial statements. The emoluments of the other two (2013: two) individuals are as follows:-

	The group	
	2014	2013
	HK\$	HK\$
Salaries	705,122	660,684
Mandatory provident fund contribution	28,700	27,200
	733,822	687,884

The emoluments of the two (2013: two) are within the emolument band ranging from HK\$Nil to HK\$1,000,000.

12. TAXATION

	The group	
	2014	2013
	HK\$	HK\$
Current income tax		
Provision for Hong Kong Profits Tax for current year	1,984,700	1,747,000
Over-provision for prior years	(47,530)	(56,948)
	1,937,170	1,690,052
Deferred tax		
Origination and reversal of temporary differences	72,238	7,722
Total income tax	2,009,408	1,697,774

Provision for Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) on the estimated assessable profit for the year.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

12. TAXATION (Continued)

Reconciliation between income tax and accounting profit at applicable tax rate

	The group	
	2014	2013
	HK\$	HK\$
Profit before taxation	31,155,401	179,430,475
Notional tax on profit before taxation, calculated at Hong Kong Profits Tax rate of 16.5% (2013: 16.5%)	5,140,639	29,606,028
Tax effect of non-deductible expenses	440,870	12,892
Tax effect of non-taxable revenue	(4,258,929)	(26,722,771)
Tax effect of unused tax losses and unrecognised deductible temporary differences utilised	(1,345)	(1,140,127)
Tax effect of unused current tax losses not recognised	730,931	–
Others	(42,758)	(58,248)
Income tax	2,009,408	1,697,774

13. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the consolidated profit after tax of HK\$29,145,993 (2013: HK\$177,732,701) and on 40,000,000 (2013: 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 (2013: Nil).

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

14. 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 2012	3,758,960	570,900	208,139	4,537,999
Additions	–	–	1,298	1,298
Disposals	–	(108,300)	(1,100)	(109,400)
<hr/>				
At 31 March 2013, 1 April 2013				
31 March 2014	3,758,960	462,600	208,337	4,429,897
<hr/>				
Aggregate depreciation				
At 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)
<hr/>				
At 31 March 2013 and 1 April 2013	1,784,652	405,230	141,380	2,331,262
Charge for the year	70,373	5,737	6,696	82,806
<hr/>				
At 31 March 2014	(1,855,025)	(410,967)	(148,076)	(2,414,068)
<hr/>				
Net book value				
At 31 March 2014	1,903,935	51,633	60,261	2,015,829
<hr/>				
At 31 March 2013	1,974,308	57,370	66,957	2,098,635
<hr/>				

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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

The company

	Furniture, fixtures and equipment	
	2014	2013
	HK\$	HK\$
Cost		
At the beginning of the year and at the end of the year	53,785	53,785
Aggregate depreciation		
At the beginning of the year	35,121	33,047
Charge for the year	1,866	2,074
At the end of the year	(36,987)	(35,121)
Net book value	16,798	18,664

15. INVESTMENT PROPERTIES

	The group		The company	
	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$
Fair value				
At the beginning of the year	435,200,000	335,850,000	3,700,000	3,250,000
Additions	32,817,840	36,166,418	–	–
Acquisition of subsidiary	45,700,000	–	–	–
Disposals	–	(49,000,000)	–	–
Increase in fair value	17,882,160	112,183,582	300,000	450,000
At the end of the year	531,600,000	435,200,000	4,000,000	3,700,000

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

	The group		The company	
	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$
Medium term leases	282,300,000	240,100,000	4,000,000	3,700,000
Long leases	249,300,000	195,100,000	–	–
	531,600,000	435,200,000	4,000,000	3,700,000

The group's investment properties were revalued on 31 March 2014 by RHL Appraisal Limited, an independent firm of professional surveyors, on an open market value basis. The fair value measurement is disclosed in note 32.

At 31 March 2014, the group's investment properties with aggregate carrying value of HK\$190,400,000 (2013: HK\$50,000,000) were pledged to a bank to secure general bank facilities of the group.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

16. PROPERTIES HELD FOR OR UNDER DEVELOPMENT

	The group	
	2014	2013
	HK\$	HK\$
Valuation		
At the beginning of the year	11,600,000	9,900,000
Increase in fair value	700,000	1,700,000
At the end of the year	12,300,000	11,600,000

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 2014 by RHL Appraisal Limited, an independent firm of professional surveyors, on an open market value basis. The fair value measurement is disclosed in note 32.

17. INTEREST IN SUBSIDIARIES

	The company	
	2014	2013
	HK\$	HK\$
Unlisted investments at cost	6,481,104	6,481,102
(a) Advances to subsidiaries		
– Interest free	175,161,764	132,697,055
Provision for impairment loss	(17,816,056)	(17,915,663)
	157,345,708	114,781,392
(b) Advances from subsidiaries		
– Interest free	(16,740,679)	(14,341,915)
Total	147,086,133	106,920,579

Advances among group companies are unsecured and carry no fixed term of repayment.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

17. INTEREST IN SUBSIDIARIES (Continued)

Particulars of the principal 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
Allied (HK) Industrial Limited	Hong Kong	Investment holdings	1	100%
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%
Howe Kaye Investments Limited	Hong Kong	Property 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%

* 100% directly held by Allied (HK) Industrial Limited, wholly-owned subsidiary of the Company on 10 January 2014.

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	
	2014 HK\$	2013 HK\$
At the beginning of the year	17,915,663	19,691,933
Impairment loss written back for the year	(99,607)	(1,776,270)
At the end of the year	17,816,056	17,915,663

At 31 March 2014, 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\$128,132,728 (2013: HK\$103,302,471).

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

18. TRADE AND OTHER RECEIVABLES

	The group		The company	
	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$
Rental receivables				
– Within 30 days	213,981	201,593	–	–
– Within 31 days to 60 days	176,400	154,800	–	–
– Within 61 days to 90 days	155,400	5,500	–	–
– Within 91 days to 180 days	5,657	–	–	–
	551,438	361,893	–	–
Other receivables	1,040,405	964,360	449,318	409,415
Rental and receivables, unimpaired	1,591,843	1,326,253	449,318	409,415
Deposits and prepayments	360,006	3,529,891	157,534	157,369
	1,951,849	4,856,144	606,852	566,784

Normally, monthly rentals are payable in advance by tenants in accordance with the leases. Except for the rental receivable amounting to HK\$5,657 (2013: Nil), 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.

19. CASH AND BANK BALANCES

	The group		The company	
	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$
Time deposits	17,029,342	50,067,082	17,029,342	50,067,082
Cash at banks and in hand	18,351,542	45,441,396	16,072,008	30,716,732
	35,380,884	95,508,478	33,101,350	80,783,814

As at 31 March 2014, the time deposits had a term for original maturity of 1 month and bore interest at 1.05% per annum (2013: 0.55% per annum).

Cash at banks of the group and the company amounting to HK\$15,139,807 (2013: HK\$29,959,705) earns interest at floating rates based on daily bank deposits rates.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

20. TRADE AND OTHER PAYABLES

	The group		The company	
	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$
Rental deposits received	2,984,276	2,353,876	66,400	63,000
Receipts in advance	212,590	159,806	12,000	1,500
Unclaimed dividends	338,865	505,520	338,865	505,520
Accrued expenses	1,497,708	1,158,058	1,004,904	531,902
	5,033,439	4,177,260	1,422,169	1,101,922

21. BANK BORROWINGS, SECURED

The bank loans are repayable as follows:

	The group	
	2014	2013
	HK\$	HK\$
Current liabilities		
Within one year	1,929,600	1,149,600
After one year but not exceeding two years	1,929,600	1,149,600
After two years but not exceeding five years	5,788,800	3,448,800
After five years	20,525,200	10,639,800
	30,173,200	16,387,800

In April 2013, the group obtained a new bank loan of HK\$15,650,000 for the acquisition of property.

The bank loans bear 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. During the year, interest on bank borrowings was HK\$679,161 (2013: HK\$289,320).

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 2014, none of the covenants was breached.

The company has executed a corporate guarantee amounting to HK\$82,900,000 (2013: HK\$32,900,000) in favour of a bank for securing the loans of the group. The bank loans are renewable annually and have been renewed subsequently after the year end.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

22. PROVISION FOR LONG SERVICE PAYMENTS

	The group		The company	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
At the beginning of the year	1,089,600	1,121,900	409,000	416,500
Change in provision for the year	(28,600)	(32,300)	(6,000)	(7,500)
At the end of the year	1,061,000	1,089,600	403,000	409,000
Classification in the statement of financial position:				
Current	928,000	913,600	390,000	390,000
Non-current	133,000	176,000	13,000	19,000
	1,061,000	1,089,600	403,000	409,000

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

23. 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 2012	640,296	(3,270)	637,026
Charged to profit or loss	7,410	312	7,722
At 31 March 2013 and 1 April 2013	647,706	(2,958)	644,748
Charged to profit or loss	71,955	283	72,238
At 31 March 2014	719,661	(2,675)	716,986

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

23. DEFERRED TAXATION (Continued)

The company

Deferred tax arising from:	Accelerated depreciation allowances	Unused tax losses	Total
	HK\$	HK\$	HK\$
At 1 April 2012	3,270	(3,270)	–
(Credited)/charged to profit or loss	(312)	312	–
At 31 March 2013 and 1 April 2013	2,958	(2,958)	–
(Credited)/charged to profit or loss	(283)	283	–
At 31 March 2014	2,675	(2,675)	–

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	
	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$
Unused tax loss	12,151,012	7,727,559	12,151,012	7,719,407

24. SHARE CAPITAL

	2014		2013	
	No. of shares	Amount HK\$	No. of shares	Amount HK\$
Authorised				
Ordinary shares at HK\$1	–	–	60,000,000	60,000,000
Issued and fully paid				
Ordinary shares at HK\$1	–	–	40,000,000	40,000,000
Ordinary shares	40,000,000	40,000,000	–	–

On 3 March 2014, the new Hong Kong Companies Ordinance Cap 622 (the "New CO") came into effect. The New CO abolished the concepts of nominal (par) value, share premium and authorised share capital for all shares of Hong Kong incorporated companies. Any amount received for issuing equity shares of a company should be recorded as share capital.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

25. RESERVES

The Group

	Notes	Capital reserve HK\$	Fair value reserve HK\$	Retained profits HK\$	Total HK\$
At 1 April 2012		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
Release of fair value reserve upon 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	26	–	–	43,130	43,130
At 31 March 2013 and 1 April 2013		251,046	36,663,477	596,372,332	633,286,855
Profit for the year		–	–	29,145,993	29,145,993
Impairment losses on available-for-sale financial assets		–	1,300,000	–	1,300,000
Decrease in fair value of available-for-sale financial assets		–	(8,313,112)	–	(8,313,112)
Release of fair value reserve upon disposal of available-for-sale financial assets		–	(120,915)	–	(120,915)
Total comprehensive income		–	(7,134,027)	29,145,993	22,011,966
Dividends paid		–	–	(7,600,000)	(7,600,000)
Unclaimed dividend forfeited	26	–	–	43,080	43,080
At 31 March 2014		251,046	29,529,450	617,961,405	647,741,901

The company

	Retained profits	
	2014 HK\$	2013 HK\$
At the beginning of the year	201,579,099	158,982,449
Profit for the year	3,811,810	48,553,520
Dividends paid	(7,600,000)	(6,000,000)
Unclaimed dividend forfeited	43,080	43,130
At the end of the year	197,833,989	201,579,099

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\$195,648,141 (2013: HK\$199,693,251).

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

26. DIVIDENDS

	2014	2013
	HK\$	HK\$
Dividends attributable to the year –		
Interim dividend at HK\$0.02 (2013: HK\$0.02) per share paid during the year	800,000	800,000
Special dividend at HK\$Nil (2013: HK\$0.03) per share paid during the year	–	1,200,000
Final dividend at HK\$0.10 (2013: HK\$0.10) per share proposed after the reporting period	4,000,000	4,000,000
Special dividend at HK\$Nil (2013: HK\$0.07) per share proposed after the reporting period	–	2,800,000
	4,800,000	8,800,000
Unclaimed dividend forfeited (Note (a))	(43,080)	(43,130)
	4,756,920	8,756,870

Note (a) Pursuant to Article 145 of the Articles of Association of the company, on 25 March 2014 the board of directors resolved that the dividends for the financial years 2006/07 to 2007/08 amounting to HK\$43,080 payable on or before 17 January 2008 remained unclaimed on 25 March 2014 be forfeited and recognised in the equity.

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

27. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

	The company	
	2014	2013
	HK\$	HK\$
Profit attributable to the shareholders dealt with in the financial statements of the company, including dividend income from subsidiaries of HK\$5,400,000 (2013: HK\$37,400,000)	3,811,810	48,553,520

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

28. OPERATING LEASE ARRANGEMENTS

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

	The group		The company	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
Not later than one year	15,872,676	9,215,167	340,000	326,000
Later than one year and not later than five years	9,210,484	5,611,938	103,400	200,600
	25,083,160	14,827,105	443,400	526,600

The operating leases normally run from one to three years.

29. FINANCIAL GUARANTEES

Corporate guarantees given in favour of a bank for bank loans granted to subsidiaries:-

	The company	
	2014 HK\$	2013 HK\$
Guaranteed amount (Maximum exposure to credit risk)	82,900,000	32,900,000
Outstanding balance of the bank loans	30,173,200	16,387,800

The company has guaranteed the bank loans of the subsidiaries with the certain covenant as set out in note 21. Under the terms of the financial guarantee contracts, the company will make payments to reimburse the bank upon failure of the subsidiaries to make payments when due.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

30. 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.

As at 31 March 2014, the group's net-debt-to-adjusted capital ratio was 1.3%. The management considers that the ratio is not significant to the group, no quantitative disclosure is presented. In last 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.

31. 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 18 and note 19 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 2014

31. 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. Also, the group regularly monitors its compliance with lending covenants of bank loans as set out in note 21. 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	Total undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 31 March 2014						
Bank borrowings, secured, subject to a repayment on demand clause	30,173,200	33,247,240	2,568,013	2,525,955	7,325,512	20,827,760
Rental deposit received	2,984,276	2,984,276	2,984,276	-	-	-
Unclaimed dividends	338,865	338,865	338,865	-	-	-
	33,496,341	36,570,381	5,891,154	2,525,955	7,325,512	20,827,760
At 31 March 2013						
Bank borrowings, 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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

31. FINANCIAL INSTRUMENTS (Continued)

(b) LIQUIDITY RISK (Continued)

The company	Carrying	Total	Within	More than	More than	More
	amounts	undiscounted	1 year or on	1 year but	2 years but	than
	HK\$	cash flow	demand	less than	less than	5 years
		HK\$	HK\$	2 years	5 years	5 years
		HK\$	HK\$	HK\$	HK\$	HK\$
At 31 March 2014						
Rental deposit received	66,400	66,400	66,400	-	-	-
Unclaimed dividends	338,865	338,865	338,865	-	-	-
	405,265	405,265	405,265	-	-	-
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	-	-	-

The borrowing facilities were renewed after the end of reporting period 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 affect the group's interest income. Except for the surplus funds retained with banks as detailed in note 19 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 borrowings 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 borrowings (as defined above) at the end of the reporting period:

	The group				The company			
	2014		2013		2014		2013	
	Effective interest rate	Effective interest rate	Effective interest rate	Effective interest rate	Effective interest rate	Effective interest rate	Effective interest rate	
	%	HK\$	%	HK\$	%	HK\$	%	HK\$
Variable rate borrowings:								
Bank borrowings, secured	2.19%-2.21%	30,173,200	2.21%-2.3%	16,387,800	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

31. FINANCIAL INSTRUMENTS *(Continued)*

(c) CASH FLOW INTEREST RATE RISK *(Continued)*

At 31 March 2014, if interest rates on borrowing had been increased/decreased by 50 basis point, with all other variables held constant, the group's profit after tax for the year would have been decreased/increased by approximately HK\$145,000 mainly as a result of higher/lower interest expense on floating rate borrowing.

The sensitivity analysis above had been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for the group's floating rate borrowing in existence at that date. The 50 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual financial year date. In last year, the sensitivity analysis was not presented as the management considered that the risk was limited as the range of interest rate fluctuation was not significant.

(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.

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 the follows:

- profit or loss for the year and retained profits would increase/decrease by approximately HK\$5.5 million (2013: HK\$5.1 million) due to increase/decrease in the fair value of trading securities.
- total equity would increase/decrease by approximately HK\$8.7 million (2013: HK\$9.5 million) due to increase/decrease in fair value of available-for-sale financial assets.

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 2013.

(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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

31. FINANCIAL INSTRUMENTS *(Continued)*

(f) FINANCIAL ASSETS MEASURED AT FAIR VALUE

FAIR VALUE HIERARCHY

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 13 “Fair Value Measurement”. These fair value measurements are categorised into different level in the fair value hierarchy based on the inputs to valuation technique used. The different levels are defined as follows:

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

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

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

Recurring fair value measurement

Financial assets

	Level 1	Level 2	Level 3	Total
The group	HK\$	HK\$	HK\$	HK\$
As at 31 March 2014				
Available-for-sale financial assets				
– listed shares in HK	87,334,899	–	–	87,334,899
Trading securities – listed shares in HK	54,848,025	–	–	54,848,025
	142,182,924	–	–	142,182,924

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

	Level 1	Level 2	Level 3	Total
The company	HK\$	HK\$	HK\$	HK\$

As at 31 March 2014

Trading securities – listed shares in HK	54,848,025	–	–	54,848,025
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As at 31 March 2013

Trading securities – listed shares in HK	51,100,180	–	–	51,100,180
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During the year, there was no transfer of financial instruments between different levels of fair value hierarchy. The group’s policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

32. FAIR VALUE MEASUREMENT ON PROPERTIES

The following table presents the investment properties and property held for or under development measured at fair value at 31 March 2014 on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurement. Inputs used in determining fair value measurement are categorised into different levels based on how observable the inputs used in the valuation technique.

The group	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
As at 31 March 2014				
Investment properties	–	–	531,600,000	531,600,000
Property held for or under development	–	–	12,300,000	12,300,000
	–	–	543,900,000	543,900,000
<hr/>				
The company	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
As at 31 March 2014				
Investment properties	–	–	4,000,000	4,000,000

During the year, there was no transfer of between different levels of fair value hierarchy. The group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The directors had on-going discussions with RHL Appraisal Limited, the independent firm of professional surveyors, upon producing the valuation reports in respect of valuation assumptions use and other inputs relevant for the valuations of the group's investment properties and properties held for or under development.

The fair value of all investment properties and property held for or under development are classified as level 3. The movements of investment properties and property held for or under development during the year were set out in notes 15 and 16 respectively. The fair value is determined by the independent firm of professional surveyors using direct comparison approach by reference to recent sales price of comparable properties on a price per square foot basis (subject to difference of R&V Index). The valuations are taking into account of the characteristic of the properties in terms of the size, floor, age, location, accessibility (including transportation and convenience), bulk discount for entire use (if more than 2 units) or geological issues and town planning zoning (for site) and other factors collectively. Higher premium for the properties reflects in a higher value measurement. If appropriate, gross return yield is used as an indication factors to reflect the yield return of the property and is used as a reference. In assessing the gross yield, it is subject to the existing annual rental income in against to the market value assessed by direct comparison.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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

Information about group's properties classified as level 3 fair value measurement is as follows:

Description	Fair value at 31 March 2014	Valuation Technique	Unobservable Inputs	Range (per square foot)	Relationship of Unobservable Inputs
Commercial properties	HK\$363,900,000*	Direct comparison approach	Recent price of similar properties in the relevant market after taking into account of location, size, site configuration, transport and convenience, building age, bulk discount for the entire use, etc.	HK\$3,882 to HK\$193,953*	Better the characteristic of properties, higher the price per sq. ft. and the fair value.
Industrial properties	HK\$18,500,000	Direct comparison approach	Recent price of similar properties in the relevant market after taking into account of location, size, site configuration, floor, building age, etc.	HK\$1,852 to HK\$2,262	Better the characteristic of properties, higher the price per sq. ft. and the fair value.
Residential & commercial properties	HK\$149,200,000	Direct comparison approach	Recent price of similar properties in the relevant market after taking into account of location, size, site configuration, floor, building age, etc.	HK\$5,291 to HK\$43,266	Better the characteristic of properties, higher the price per sq. ft. and the fair value.
Site	HK\$12,300,000	Direct comparison approach	Recent price of similar properties in the relevant market after taking into account of location, size, geological issues, accessibility and town planning zoning, etc.	HK\$344 to HK\$413	Better the characteristic of properties, higher the price per sq. ft. and the fair value.

* Included the company's commercial properties of HK\$4,000,000 with the range from HK\$3,931 to HK\$10,696 per square foot.

The fair value measurement of investment properties is based on the highest and best use, which does not differ from their actual use. There were no changes to the valuation technique during the year.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

33. BUSINESS COMBINATIONS

On 10 January 2014, a subsidiary acquired 100% equity interest in Howe Kaye Investments Limited (“Howe Kaye”) at a consideration of HK\$45,380,000. Howe Kaye is principally engaged in property investment, and it mainly owns the property located at G/F including mezzanine floor, 76A Waterloo Road, Kowloon. After the acquisition, Howe Kaye became a wholly owned subsidiary of the company.

As a result of the acquisition, the group expected to diversify the property investment portfolio and improve the operating performance, net assets as well as earnings. The group recognised the gain on acquisition of HK\$320,000 in “other net (loss)/income” of note 8.

The acquired company contributed an aggregate rental of HK\$238,452 and aggregate net profit of HK\$181,703 to the group for the period from the date of acquisition to 31 March 2014. The group’s revenue and profit for the year increase by approximate of HK\$1,056,000 and HK\$882,000 (excluding valuation gain or loss) if the acquisition had occurred on 1 April 2013.

The effect on the group’s assets and liabilities on the date of acquisition is as follows:

Net assets acquired	HK\$
Investment property	45,700,000
Deposit paid	37,543
Rental deposit received	(264,000)
Accruals	(1,155)
Receipt in advance	(70,968)
Tax payable	(37,543)
	<hr/>
Fair value of net assets acquired*	45,363,877
Gain on acquisition (note 8)	(320,000)
	<hr/>
Discharged by cash payment	45,043,877
	<hr/>
Consideration paid	45,380,000
Less: Cash acquired	(336,123)
	<hr/>
Net cash outflow	45,043,877
	<hr/>

* Ex-shareholders’ loan of HK\$4,523,760 was assigned to the Acquirer, Allied (HK) Industrial Limited, a wholly owned subsidiary of the company upon the completion. The loan was eliminated on consolidation.

Acquisition related cost of HK\$470,418 has been charged to “administrative and general expenses” in the statement of consolidated profit or loss.

SCHEDULE OF PROPERTIES HELD BY THE GROUP

AS AT 31 MARCH 2014

(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 2014

(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)	76A Waterloo Road, Kowloon:- Ground floor and mezzanine floor	Section F of Kowloon Inland Lot No. 3903	Commercial	100%	Long
(12)	Nanking Building, No. 1F Nanking Street, Kowloon:- Shop G on ground floor	Kowloon Inland Lot No. 6533	Commercial	100%	Medium
(13)	No. 60 Ma Tau Chung Road, Kowloon	Sub-Section 1 of Section A of Kowloon Inland Lot No. 4311	Residential & Commercial	100%	Long
(14)	No. 62 Ma Tau Chung Road, Kowloon	Remaining Portion of Sub-Section 2 of Section A of Kowloon Inland Lot No. 4311	Residential & Commercial	100%	Long
(15)	No. 64 Ma Tau Chung Road, Kowloon	Section A of Sub-Section 2 of Section A of Kowloon Inland Lot No. 4311	Residential & Commercial	100%	Long

FIVE YEAR FINANCIAL SUMMARY

	For the year ended 31 March				2014
	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000
Consolidated statement of profit or loss					
Revenue	26,089	18,567	18,473	21,395	22,276
Profit before tax	74,315	75,875	40,296	179,430	31,155
Taxation	(1,241)	(1,653)	(1,476)	(1,698)	(2,009)
Profit for the year	73,074	74,222	38,820	177,732	29,146
Consolidated statement of financial position					
Property, plant and equipment	2,338	2,276	2,200	2,098	2,016
Investment properties	185,230	294,800	335,850	435,200	531,600
Properties held for or under development	9,900	9,900	9,900	11,600	12,300
Available-for-sale financial assets	96,255	99,220	89,492	95,544	87,335
Current assets	114,249	71,380	61,994	151,465	92,180
Current liabilities	(9,902)	(5,047)	(5,542)	(21,800)	(36,840)
Non-current liabilities	(1,217)	(794)	(858)	(820)	(850)
Net assets	396,853	471,735	493,036	673,287	687,741

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Members of the company will be held at Falcon Room, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Friday, 29 August 2014 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 2014.
2. To approve a Final Dividend of HK\$0.10 per share as recommended by the Directors.
3. To re-elect Directors and to fix their remuneration.
4. To re-appoint Auditors and to authorise the Board to fix their remuneration.
5. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:–

“THAT

- (a) subject to paragraph (c), pursuant to 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 number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the company pursuant to the approval in paragraph (a), otherwise than pursuant to a Rights Issue, shall not exceed 20 percent of the aggregate number of shares of the company in issue and the said approval shall be limited accordingly; and
- (d) for the purposes of this Resolution:–

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

- (i) the conclusion of the next Annual General Meeting of the company;
- (ii) the expiration of the period within which the next Annual General Meeting of the company is required by the 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 laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

By Order of the Board

Mimoona MA

Company Secretary

Hong Kong, 25 June 2014

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, 25 August 2014 to Friday, 29 August 2014, 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, 22 August 2014.
- (2) The register of members of the Company will also be closed from Thursday, 4 September 2014 to Friday, 5 September 2014, both days inclusive, during which period no transfer of shares of the Company will be registered for the purpose of ascertaining the entitlement to the proposed final dividend for the year ended 31 March 2014. To qualify for the receipt of the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Share Registrar, Computershare Hong Kong Investor Services Limited, 17/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 3 September 2014.
- (3) A Member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a Member of the company. In order to be valid, the proxy form must be deposited at the company’s registered office at least 48 hours before the time appointed for holding the meeting. Proxy forms sent electronically or by any other data transmission process will not be accepted.
- (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, Dr. Loke Yu alias Loke Hoi Lam, Mr. Ng Tai Yin Victor and Ms. Chan Suit Fei, Esther will retire by rotation from office and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

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 10 to Financial Statements respectively in the Annual Report 2013/2014.

- (8) The Board has assessed the independence of Ms. Chan Suit Fei, Esther, who has served the Board for more than nine years. Ms. Chan was appointed as an independent non-executive director in 2004. Save for her role as an independent non-executive director, Ms. Chan does not hold any executive or management role and is not involved in the daily management of the company and the group, nor is she in any relationship or circumstances which would interfere with the exercise of her independent judgment. Ms. Chan has provided a written confirmation of independence to the company. The Board is satisfied that Ms. Chan meets the independence requirements of the Listing Rules notwithstanding the length of her service with the company and believes that Ms. Chan is still independent and should be re-elected as an independent non-executive director at the forthcoming annual general meeting.