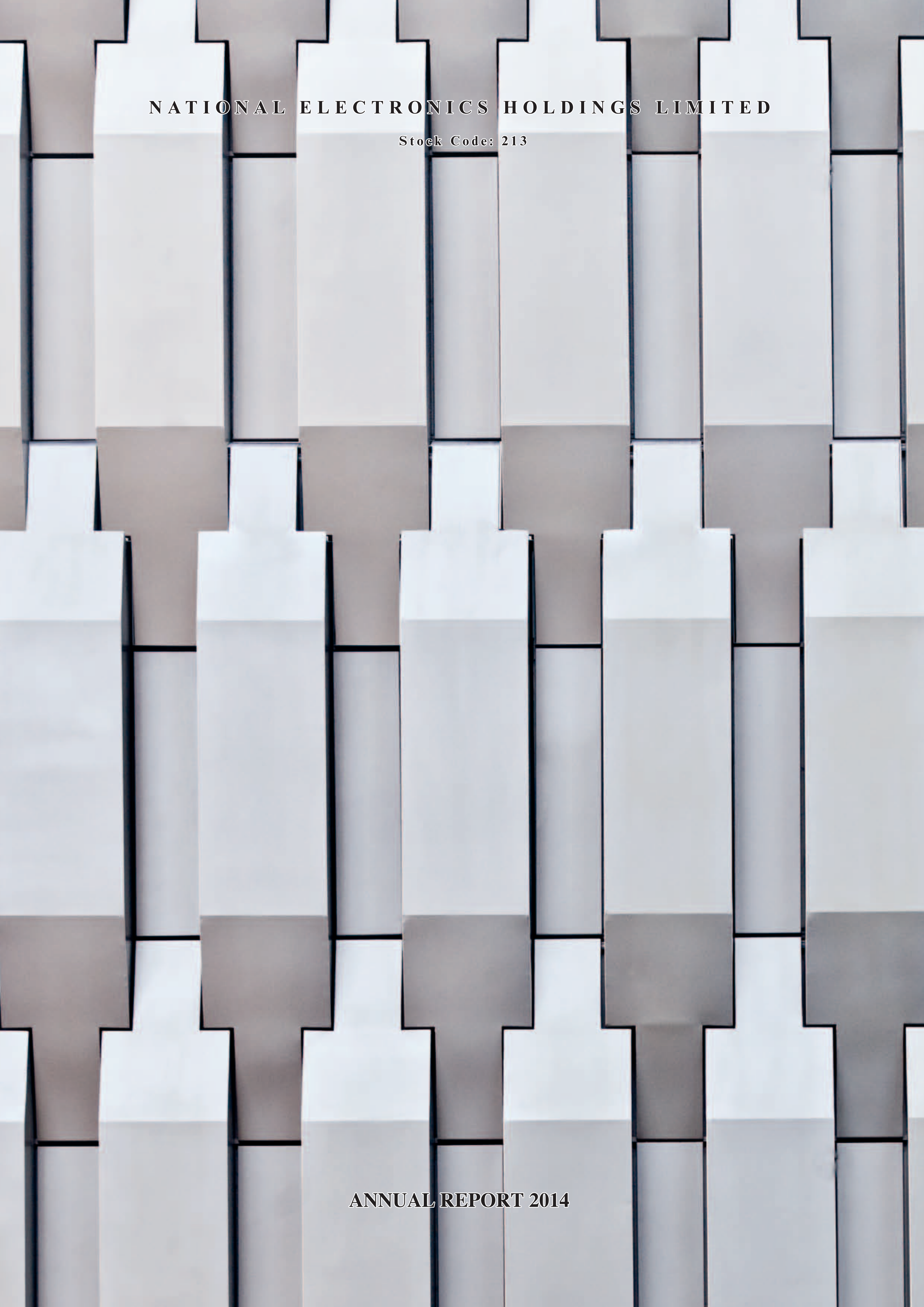

NATIONAL ELECTRONICS HOLDINGS LIMITED

Stock Code: 213

ANNUAL REPORT 2014

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CORPORATE INFORMATION

Executive Directors

Jimmy Lee Yuen Ching
Chairman
Loewe Lee Bon Chi
Managing Director
James Lee Yuen Kui
Managing Director
Edward Lee Yuen Cheor
Ricky Wai Kwong Yuen

Non-executive Director

Dorathy Lee Yuen Yu

Independent Non-executive Directors

Dr. Samson Sun, M.B.E., J.P.
William Chan Chak Cheung
Chan Kwok Wai

Auditors

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Solicitors

Baker & McKenzie
JSM

Company Secretary

Andy Wong Kam Kee

Principal Bankers

The Hongkong and Shanghai Banking
Corporation Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China
(Asia) Limited
Bank of China (Hong Kong) Limited
Chiyu Banking Corporation Limited
DBS Bank (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited
Chong Hing Bank Limited
Fubon Bank (Hong Kong) Limited

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Principal Office

Suite 3201, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

Registrar

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda

Branch Registrar and Transfer Office

Tricor Standard Limited
Level 22 Hopewell Centre
183 Queen's Road East
Hong Kong

On behalf of the Board (the "Board") of Directors (the "Directors") of National Electronics Holdings Limited (the "Company"), I am pleased to report the results of the Company and its subsidiaries (together, the "Group") for the year ended 31 March 2014.

RESULTS

The audited consolidated profit attributable to shareholders of the Group for the year ended 31 March 2014 was HK$228,475,853 (Year ended 31 March 2013: HK$296,465,353). The basic and diluted earnings per share of the Company for the year ended 31 March 2014 were 23.8 HK cents (Year ended 31 March 2013: 30.3 HK cents) per share and 23.6 HK cents (Year ended 31 March 2013: 30.1 HK cents) per share respectively.

FINAL DIVIDEND

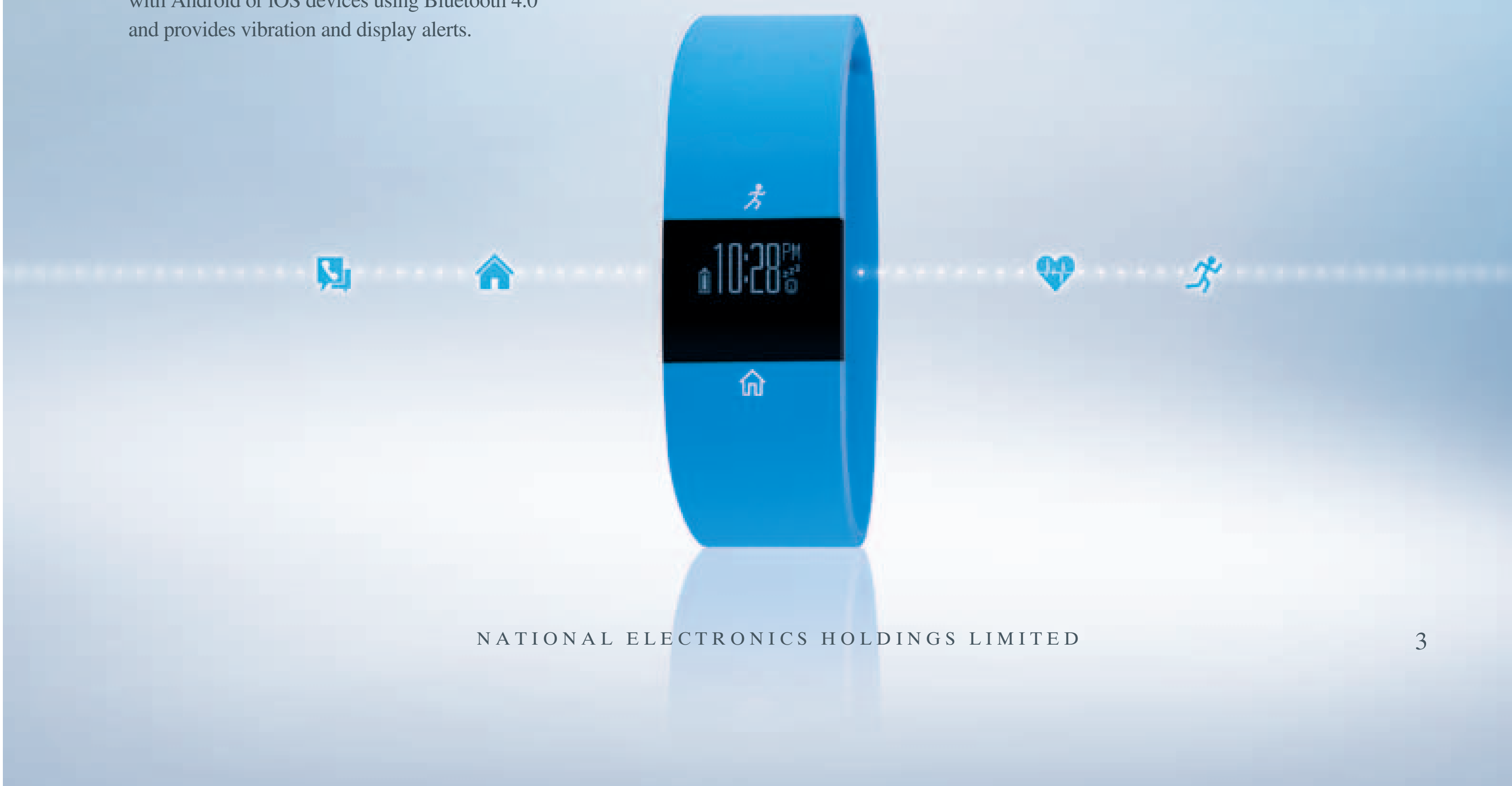
The Board recommends the payment of a final dividend of 3.5 HK cents per share and a special cash dividend of 1.0 HK cent per share for the year ended 31 March 2014 (Year ended 31 March 2013: A final dividend of 3.5 HK cents per share and a special cash dividend of 2.0 HK cents per share).

BUSINESS REVIEW

WATCHES MANUFACTURING AND WATCH COMPONENTS

During the period under review, the turnover of the Group's watch manufacturing and watch component trading division remained stable as compared with last year. However, the division's profit margin was affected by the continued escalation of manufacturing costs in China, the sluggish market condition in Europe and the United States and the delay in the launch of our Fitness Activity Wrist Bands.

The BLE Fit Band tracks your activity and wirelessly syncs data to smartphones in an easy to use form factor. The Fit Band communicates with Android or iOS devices using Bluetooth 4.0 and provides vibration and display alerts.



HOTEL OPERATION

During the year under review, the Group's hotel operation business increased its turnover and profit. This was attributable to the high occupancy rate maintained by The Putman, the Group's wholly-owned boutique hotel apartment, and growth in occupancy rates achieved by all three associates' boutique hotel apartment projects with J.P. Morgan Asset Management, namely, The Jervois, Twenty One Whitfield and 99 Bonham.

The Group's other wholly-owned boutique hotel apartment located at No. 196 Queen's Road Central, Hong Kong, has commenced its interior fitting out works. The project is expected to launch in the second half of 2014.

PROPERTY DEVELOPMENT AND INVESTMENT

The site formation and foundation work of the Group's wholly-owned luxury residential development at 45 Tai Tam Road was completed and the Group is currently preparing for the superstructure construction work.

PROSPECTS

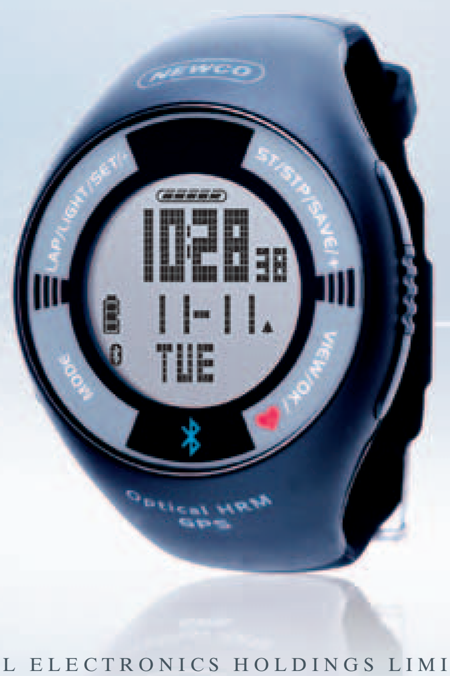
WATCHES MANUFACTURING AND WATCH COMPONENTS

The Group expects that the weak economic environment in Europe and the United States will continue throughout 2014 and possibly into 2015. With the commencement of mass production of our Fitness and Activity Monitor Wrist Bands by the end of 2014 and the launching of our Smart Watches series in early 2015, the Group is hopeful that the profit margin for its watch manufacturing and watch component trading division will improve.

HOTEL OPERATION

On 28 April 2014, the Group entered into an agreement to repurchase the outstanding 73% shareholding in an associate with a real estate fund managed by J.P. Morgan Asset Management. The transaction was completed on 17 June 2014, and as a result, 99 Bonham, the boutique hotel apartment located at Nos. 99, 101 and 103 Bonham Strand and No. 127 Wing Lok Street in Hong Kong, became a wholly-owned property of the Group.

The Optical HRM GPS Watch is a miniature heart rate detector which extracts your heart rate data digitally using LED light and optical sensors that detect blood flow under the skin. It also provides workout tracking for the user including time, heart rate, laps, calories and GPS location and it can communicate with smartphones for wireless data transfer.



On 28 April 2014, the Group also entered into an agreement to repurchase the outstanding 73% shareholding in another associate with a real estate fund managed by J.P. Morgan Asset Management. Upon completion of the transaction in October 2014, The Jervois, a boutique hotel apartment located at No. 89 Jervois Street, Hong Kong, will become a wholly-owned property of the Group.

By the end of 2014, the Group will increase its hotel holdings to four wholly-owned boutique hotels in Hong Kong which are all managed by the Group's own hotel operation management division.

PROPERTY DEVELOPMENT AND INVESTMENT

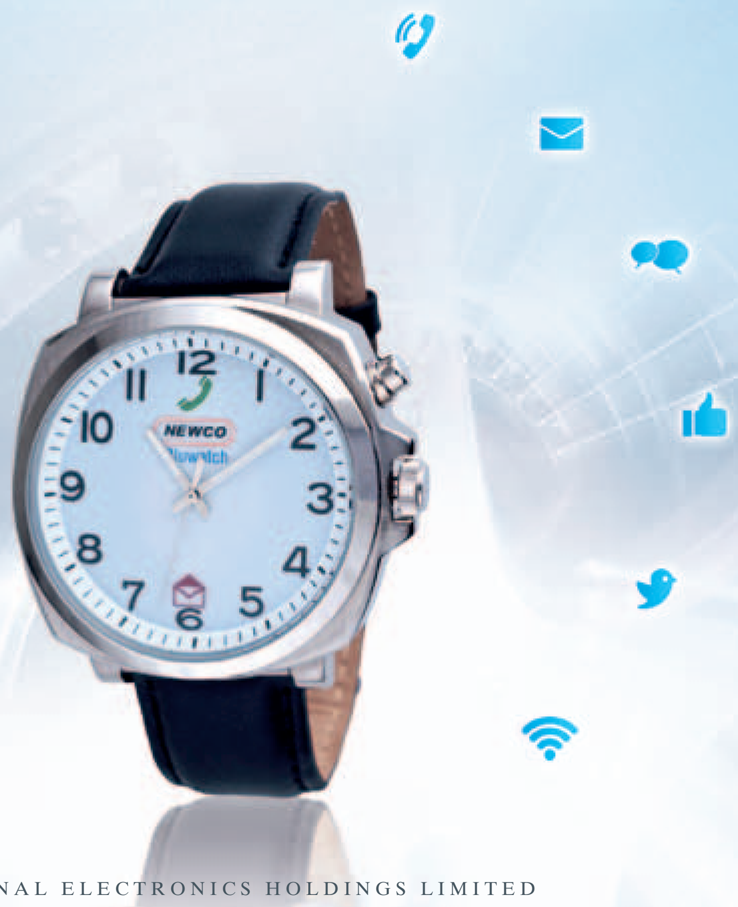
In May 2014, the Group's wholly-owned subsidiary in Canada entered into an agreement to purchase a rare whole city block in downtown Toronto located at 20 and 30 Mutual Street and 88 Queen Street East, Toronto, Ontario, Canada. The area of the site is approximately 2.47 acres, and zoning is in place for 972,756 square feet of residential and commercial mixed-use density. The transaction will be completed on 7 July 2014 and the Group is commencing the planning for a phased development scheme.

At the same time, the Group remains optimistic about Hong Kong's medium and long-term real estate market and will look for attractive acquisition opportunities amidst the current uncertain environment.

Finally, on behalf of the Board, I would like to thank all the staff of the Group for their loyalty and dedication during the previous year.

Lee Yuen Ching, Jimmy
Chairman
Hong Kong, 27 June 2014

The elegantly-designed Bluetooth LE Analog Watch with up-to-date Bluetooth LE ver. 4.0 device is iOS and Android system compatible. The wireless Bluetooth manages alerts from phone calls, messages, apps and social networks.



CORPORATE STRATEGY

The Group's long-term objective and strategy is to maximize shareholder value through the stable growth in our core businesses and operations while exploring new opportunities for investment in sustainable long-term growth.

The Group's watch manufacturing and watch component trading division looks to continue building upon its strength and leadership in the high-function watch and watch-related products space while using our expertise in research and development to develop new technologies and applications for future growth.

The Group's property development and investment divisions remain committed to building the highest quality developments with a focus on design excellence. Through long-term planning and diligent market research, the Group will look at expanding our offering and transferring our expertise into different markets, both in terms of product as well as geography.

The Group's hotel operation division aims at providing first class hotel management services to our target customers with the highest quality.

BUSINESS REVIEW

WATCHES AND WATCH COMPONENTS

During the year under review, the sales revenue of the Group's watch manufacturing and watch component trading division remained stable with HK$1,149 million while the segment profit decreased by 31% to HK$28 million due to sluggish recovery of world economy.

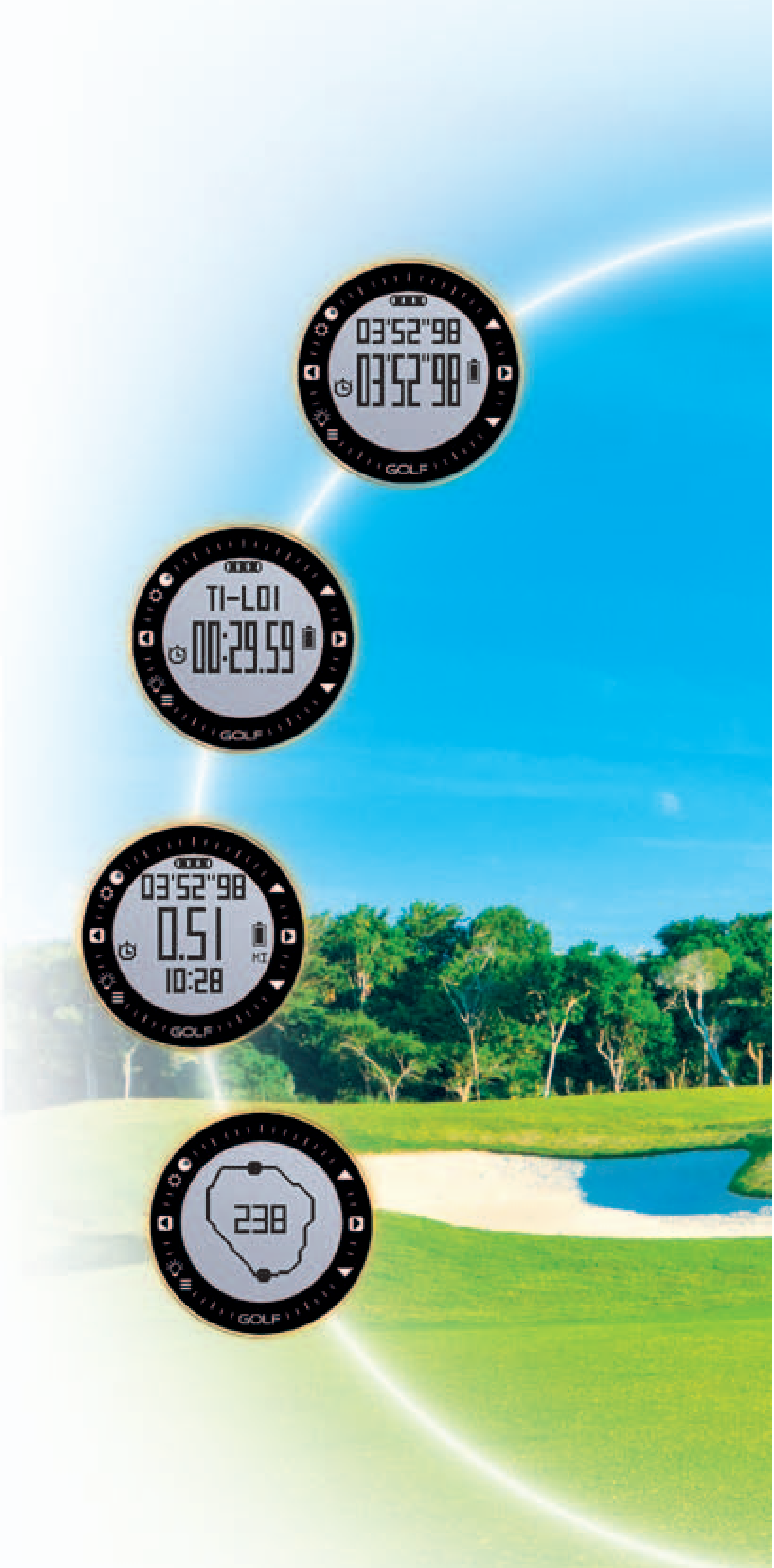
PROPERTY DEVELOPMENT AND INVESTMENT

During the year, no property for development was sold and the sales revenue of the Group's property investment division represented the rental income generated by the Group's investment properties.

Segment profit of the property investment division for the year under review included the net increase in fair value of investment properties of the Group and the property development division's segment loss was attributable to operating and administrative expenses incurred during the year.

HOTEL OPERATION

The sales revenue of the Group's hotel operation division increased by 15% to HK$21.6 million attributed to the improvement in rental income generated by the boutique hotel apartment.



The GPS Golf Watch is a high-accuracy GPS golf watch preloaded with more than 30,000 golf courses, providing auto-course recognition and auto-hole features. Built-in motion sensors track location, distance, time, laps, speed, pace and calories during walking, running or biking. The GPS Golf Watch is also equipped with Bluetooth LE Ver. 4.0 which provides wireless alerts from smartphones.

ASSOCIATES

The Group shared a profit of HK$111 million (2013: HK$136 million) from its associates.

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2014, the Group's total borrowings were approximately HK$ 1,879 million (31 March 2013: HK$1,587 million), representing an increase of approximately HK$292 million from last year. The maturity profile spreads over a period of 30 years, with approximately HK$451 million repayable within one year, approximately HK$1,172 million within two to five years and HK$256 million beyond five years.

At the year end date, the Group's gearing ratio was 0.83 (31 March 2013: 0.68) which is calculated based on the Group's long-term borrowings of approximately HK$1,428 million (31 March 2013: HK$1,076 million) and shareholders' funds of approximately HK$1,728 million (31 March 2013: HK$1,590 million).

As at 31 March 2014, the Group's total bank balances and cash was approximately HK$646 million (31 March 2013: HK$616 million).

Similar to the past years, the Group has maintained a reasonable level of cash resources and stand-by credit facilities to provide adequate liquid funds to finance its commitments and working capital requirements.

TREASURY POLICIES

As at 31 March 2014, 80% of the Group's borrowings was in HKD, 9% in USD, 7% in CAD and 4% in JPY . As at 31 March 2014, 75% of the Group's bank balances and cash was in HKD, 9% in CNY, 6% in CAD, 5% in JPY and 5% in USD.

All the Group's borrowings are variable-rate borrowings. The Group will carefully monitor its foreign exchange and interest rates exposure and utilise financial instruments such as forward contracts and interest rate swaps as necessary.

FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group currently has no other plans for material investments. Any acquisition will be funded by internal resources of the Group and bank borrowings.

CHARGES ON ASSETS

As at 31 March 2014, certain properties of the Group of approximately HK$2,548 million (31 March 2013: HK$2,241 million) were pledged to secure banking facilities for the Group.

EMPLOYEES

As at 31 March 2014, the Group employed approximately 1,100 employees in Hong Kong, the PRC and other overseas countries. The staff costs for the year including directors' emoluments amounted to approximately HK$145 million (31 March 2013: HK$148 million). Remuneration is determined by reference to market terms as well as the qualifications and experiences of the staff concerned. Salaries are reviewed annually and discretionary bonuses may be paid depending on individual performance and the profitability of the Group.

DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

EXECUTIVE DIRECTORS

Mr. Jimmy Lee Yuen Ching, aged 67, is the Chairman of the Group. He received his university education in the United States and Canada. His initial experience in the watch industry was gained in his family's watch business and he subsequently became a co-founder of the Group. He was responsible for the founding of the Group's property division twenty-two years ago and has been responsible for the management of the property division since that time.

Mr. Loewe Lee Bon Chi, aged 34, is Managing Director of the Group. He graduated from Harvard University and obtained a bachelor of arts degree with honours in economics. He joined the Group in July 2005 and is responsible for overseeing the overall operations of the watch components trading division as well as the property development and investment divisions. He is also a director of The Federation of Hong Kong Watch Trades & Industries Limited. Prior to joining the Group, he was an investment banker at JP Morgan in New York.

Mr. James Lee Yuen Kui, aged 60, is Managing Director of the Group. He joined the Group in 1976 and is currently responsible for administration, trading of watch components and material procurement from foreign suppliers.

Mr. Edward Lee Yuen Cheor, aged 56, is Executive Director of the Group. He joined the Group in 1981 and is currently responsible for the supervision of the properties development in Hong Kong.

Mr. Ricky Wai Kwong Yuen, M.Sc. ("Mr. Wai"), aged 67, is the President and Executive Director of National Electronics and Watch Company Limited. Mr. Wai joined the Group in 1976 and is responsible for its watch manufacturing business and other electronic products.

NON-EXECUTIVE DIRECTOR

Ms. Dorathy Lee Yuen Yu ("Ms. Lee"), aged 54, has not previously held any positions with the Company or its subsidiaries before joining the Group in September 2004. Ms. Lee is sister of Mr. James Lee Yuen Kui and Mr. Edward Lee Yuen Cheor, who are Managing Director and Executive Director of the Company respectively. She is also cousin of Mr. Jimmy Lee Yuen Ching, the Chairman of the Company and aunt of Mr. Loewe Lee Bon Chi, Managing Director of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Samson Sun, M.B.E., J.P. ("Dr. Sun"), aged 89, is the Chairman of the Sun International Group of companies. He was the Deputy Chairman of Gilman & Co., Limited and later of Inchape Hong Kong in each case from 1967 to 1985. Dr. Sun is the Honorary Permanent President of The Federation of Hong Kong Watch Trades & Industries Limited. He has over 58 years' experience in the manufacturing, marketing and distribution of watches and 30 years' experience in the marketing and distribution of consumer and electronic products. Dr. Sun has chaired many voluntary community services and charitable organizations and is the former Vice-Chairman of Business and Professionals Federation of Hong Kong (BPF), and a member of Basic Law Consultative Committee in 80's.

Mr. William Chan Chak Cheung ("Mr. William Chan"), aged 66, has been an Independent Non-executive Director of the Company since 2004. He is also the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee of the Company. Mr. William Chan is a retired partner of PricewaterhouseCoopers with a career spanning 33 years in Canada, Hong Kong and Mainland China. Mr. William Chan is an Independent Non-executive Director of The Link Management Limited, Manager of the The Link REIT, and was also an Independent Non-executive Director of King Fook Holdings Limited, both of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. William Chan brings senior management skills and experience in solving complex business issues in many different industries including the real estate industry, and also brings experience in matters on corporate governance.

Mr. Chan Kwok Wai ("Mr. Chan"), aged 55, has been an Independent Non-executive Director of the Company since April 2005. Mr. Chan is a member of the Hong Kong Securities Institute and an associate member of CPA Australia. Mr. Chan is currently a Director of High Progress Consultants Limited. He is also an Independent Non-executive Director of China Investments Holdings Limited, Tern Properties Company Limited, Chinese Estates Holdings Limited and Far East Consortium International Limited, the shares of all of which are listed on The Stock Exchange of Hong Kong Limited. Mr. Chan was an Independent Non-executive Director of Junefield Department Store Group Limited, company listed on the Main Board of The Stock Exchange of Hong Kong Limited, during the period from 31 December 2002 to 29 May 2013.

SENIOR MANAGEMENT

Mr. Andrew Lo Kwong Yiu ("Mr. Lo"), B.Sc. (Econ.), B.Sc. (Building Surveying), ARICS, AHKIS, aged 60, is an Executive Director of National Properties Holdings Limited. Mr. Lo joined the Group in 1992 and is responsible for property development projects.

The directors present their annual report and the audited consolidated financial statements for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacture, assembly and sale of electronic watches and watch parts, trading of watch movements and watch parts, property development, property investment and hotel operation.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2014 are set out in the consolidated statement of profit or loss on page 27.

An interim dividend of 0.5 HK cents per share amounting to HK$4,786,669 in aggregate was paid to the shareholders during the year. The directors now recommend the payment of a final dividend of 3.5 HK cents per share and a special cash dividend of 1.0 HK cent per share to the shareholders of the Company whose names appear on the register of members on Tuesday, 2 September 2014, amounting to approximately HK$42,162,000 in aggregate.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 128 of the annual report.

INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the investment properties and property, plant and equipment of the Group are set out in notes 15 and 16 respectively to the consolidated financial statements.

MAJOR PROPERTIES

Details of the major properties of the Group as at 31 March 2014 are set out on page 127.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Details of the Company's subsidiaries, associates and joint venture as at 31 March 2014 are set out in notes 49, 20 and 21 to the consolidated financial statements, respectively.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 34 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

RESERVES

Details of movements in reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 32 and in note 35 to the consolidated financial statements, respectively.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, the Company repurchased certain of its own shares on The Stock Exchange of Hong Kong Limited, details of which are set out in note 34 to the consolidated financial statements.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Mr. Jimmy Lee Yuen Ching
Mr. Loewe Lee Bon Chi
Mr. James Lee Yuen Kui
Mr. Edward Lee Yuen Cheor
Mr. Ricky Wai Kwong Yuen
Ms. Dorathy Lee Yuen Yu**
Dr. Samson Sun, M.B.E., J.P.*
Mr. William Chan Chak Cheung*
Mr. Chan Kwok Wai*

* Independent Non-executive Directors
** Non-executive Director

In accordance with the Bye-law 99 of the Company, Mr. Edward Lee Yuen Cheor and Mr. Chan Kwok Wai, shall retire by rotation and, being eligible, offer themselves for re-election.

Each Director, except the Chairman and Managing Directors, was appointed for a term of period up to his retirement and re-election by rotation under the Bye-law of the Company.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the Independent Non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited. The Company considers all of the Independent Non-executive Directors are independent.

SERVICE CONTRACTS

Save as disclosed above, none of the Directors has entered into any service agreement with any member of the Group nor are there any other service agreements proposed which will not expire or be determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the option holdings disclosed under the heading "Directors' interests in shares and share options", at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS

As at 31 March 2014, the interests of the Directors and their associates in the shares and share options of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers, were as follows:

(a) Ordinary shares of HK$0.10 each

Name of Director	Capacity	Personal interests	Corporate interests	Other interests	Total interests	Percentage of the issued share capital of the Company
Mr. Jimmy Lee Yuen Ching	Chairman	–	–	250,637,835 *(note a)*	250,637,835	26.65%
Mr. Loewe Lee Bon Chi	Managing Director	30,000,000	–	250,637,835 *(note a)*	280,637,835	29.84%
Mr. James Lee Yuen Kui	Managing Director	5,940	–	237,102,979 *(note b)*	237,108,919	25.21%
Mr. Edward Lee Yuen Cheor	Director	–	–	237,102,979 *(note b)*	237,102,979	25.21%
Mr. Ricky Wai Kwong Yuen	Director	–	37,267,767 *(note c)*	–	37,267,767	3.96%
Dr. Samson Sun, M.B.E., J.P.	Director	–	5,288,968 *(note d)*	–	5,288,968	0.56%

(b) Share options

Name of Director	Capacity	Number of options held	Number of underlying shares
Mr. Loewe Lee Bon Chi	Managing Director (Beneficial owner)	15,200,000	15,200,000
Mr. William Chan Chak Cheung	Independent Non-executive Director (Beneficial owner)	300,000	300,000
Mr. Chan Kwok Wai	Independent Non-executive Director (Beneficial owner)	300,000	300,000

Notes:

(a) The 250,637,835 shares are part of the property of a discretionary trust of which Mr. Jimmy Lee Yuen Ching and his family members including Mr. Loewe Lee Bon Chi are named beneficiaries.

(b) The 237,102,979 shares are part of the property of a discretionary trust of which each of Messrs. James Lee Yuen Kui and Edward Lee Yuen Cheor is named beneficiary.

(c) The 37,267,767 shares are held by two companies controlled by Mr. Ricky Wai Kwong Yuen.

(d) The 5,288,968 shares are held by a company controlled by Dr. Samson Sun, M.B.E., J.P.

Saved as disclosed above, at 31 March 2014, none of the Directors or Chief Executive or any of their associates had any interests, or short positions in any shares, underlying shares or debentures of the Company or its associated corporations as defined in the SFO.

SHARE OPTIONS

Particulars of the Company's share option scheme are set out in note 44 to the consolidated financial statements.

The following table disclosed movements in the Company's share options during the year:

Name of Director	Date of grant	Exercise period	Exercise price per share HK$	Balance at 1.4.2013	Granted during the year	Exercised during the year	Forfeited during the year	Expired during the year	Balance at 31.3.2014
Mr. Loewe Lee Bon Chi	18.3.2010	18.3.2010 – 17.3.2018	0.542	9,200,000	–	–	–	–	9,200,000
	23.3.2011	23.3.2011 – 22.3.2018	0.760	6,000,000	–	–	–	–	6,000,000
Mr. William Chan Chak Cheung	23.3.2011	23.3.2011 – 22.3.2018	0.760	300,000	–	–	–	–	300,000
Mr. Chan Kwok Wai	23.3.2011	23.3.2011 – 22.3.2018	0.760	300,000	–	–	–	–	300,000

The closing price of the Company's share immediately before 18 March 2010 and 23 March 2011, the dates of grant of the options, were HK$0.542 and HK$0.760 respectively.

SUBSTANTIAL SHAREHOLDERS

Other than the interests of certain Directors disclosed under the heading "Directors' interests in shares and share options" above, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO discloses no other person as having a notifiable interest or short position in the issued share capital of the Company as at 31 March 2014.

GUARANTEES TO ASSOCIATES

As at 31 March 2014, the guarantees given by the Group to banks in respect of banking facilities granted to associates amounted to HK$99,460,000.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 March 2014, the Group's five largest suppliers accounted for approximately 93.05%of the Group's purchases of which 90.84% was attributable to the largest supplier. The Group's five largest customers accounted for approximately 65.77% of the Group's turnover of which 32.68%was attributable to the largest customer.

None of the Directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) has any interest in the Group's five largest suppliers or customers during the year.

CORPORATE GOVERNANCE

During the year ended 31 March 2014, in the opinion of the Board, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the deviation shown under the section "Corporate Governance Report" in this Annual Report.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in note 44 to the consolidated financial statements.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Company, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules throughout the year ended 31 March 2014.

DONATIONS

During the year, the Group made charitable donations amounting to HK$28,000.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 48 to the consolidated financial statements.

AUDITORS

The consolidated financial statements for the years ended 31 March 2013 and 2014 were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming Annual General Meeting. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for the subsequent year is to be proposed at the forthcoming Annual General Meeting.

The consolidated financial statements for the year ended 31 March 2012 were audited by HLB Hodgson Impey Cheng. In March 2012, the practice of HLB Hodgson Impey Cheng was reorganised as HLB Hodgson Impey Cheng Limited. Save for the above, there has been no other change in the auditors of the Company in any of the preceding three years.

On behalf of the Board

LEE YUEN CHING JIMMY
Chairman

Hong Kong, 27 June 2014

The Company is committed to maintaining and upholding high standards of corporate governance. During the year ended 31 March 2014, in the opinion of the Board, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the deviation as expressly set forth under the relevant paragraph in this report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding the Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code"). Employees who are likely to possess unpublished inside information of the Company are also subject to compliance with the same terms as the Model Code. Having made specific enquiries by the Company, it is confirmed that all Directors have complied with the required standard as set out in the Model Code throughout the year ended 31 March 2014.

THE BOARD

The Board is responsible for leadership and control of the Group. The Board reviews and approves the objectives, strategies, directions and policies of the Group. The Board also reviews the Group's performance and monitors the activities of the Group. Three Board Committees, Audit Committee, Nomination Committee and Remuneration Committee, with well defined terms of reference have been established to assist the Board in discharging its responsibilities, while the responsibility of the day-to-day operations of the Group is delegated to the management of the Group. Appropriate insurance cover in respect of legal actions arising out of corporate activities against the Company's Directors and officers have been arranged.

COMPOSITION OF THE BOARD

The Board consists of 9 Directors including 5 Executive Directors, 1 Non-executive Director and 3 Independent Non-executive Directors (the "INEDs"). The biographical details of the Directors are shown under the section "Directors and Senior Management" in this Annual Report.

CHAIRMAN AND MANAGING DIRECTORS

The Chairman of the Board is Mr. Jimmy Lee Yuen Ching and the Managing Directors of the Group are Mr. Loewe Lee Bon Chi and Mr. James Lee Yuen Kui. The roles of the Chairman and the Managing Directors were segregated. The Chairman is primarily responsible for the management and effective performance of the Board as well as the high-level strategies determination. The Managing Directors are primarily responsible for the day-to-day management of the business of the Group.

Executive Directors, Mr. James Lee Yuen Kui and Mr. Edward Lee Yuen Cheor, and Non-executive Director, Ms. Dorathy Lee Yuen Yu, are brothers and sister and they are cousins of Mr. Jimmy Lee Yuen Ching, who is father of the Executive Director, Mr. Loewe Lee Bon Chi.

BOARD ATTENDANCE

During the year, 4 Board meetings and 1 general meeting were held. Attendance of each Director at the Board meetings and the general meeting held in the Year is set out below:

	Board Meetings Attended/Held	General Meetings Attended/Held
Executive Directors:		
Mr. Jimmy Lee Yuen Ching *(Chairman)*	4/4	1/1
Mr. Loewe Lee Bon Chi *(Managing Director)*	4/4	1/1
Mr. James Lee Yuen Kui *(Managing Director)*	4/4	1/1
Mr. Edward Lee Yuen Cheor	4/4	1/1
Mr. Ricky Wai Kwong Yuen	4/4	1/1
Non-executive Director:		
Ms. Dorathy Lee Yuen Yu	4/4	0/1
Independent Non-executive Directors:		
Dr. Samson Sun, M.B.E., J.P.	4/4	1/1
Mr. William Chan Chak Cheung	4/4	1/1
Mr. Chan Kwok Wai	4/4	1/1

AUDIT COMMITTEE

The principal roles and functions of the Audit Committee (the "AC") are as follows:

(a) to make recommendation to the Board on the appointment, reappointment and removal of the Company's auditors and to review and monitor their independence and objectivity and the effectiveness of the audit process in accordance with applicable standard;

(b) to oversee the Group's relation with the Company's auditors;

(c) to review the financial information of the Group including monitoring the integrity of the Group's financial statements, annual reports and accounts, and interim reports and reviewing significant accounting policies; and

(d) to oversee the Group's financial reporting system and internal control procedures.

The AC comprises 3 members and all of them are INEDs. Attendance of each member at the AC meetings held in the Year is set out below:

Members	**Meetings Attended/Held**
Dr. Samson Sun, M.B.E., J.P. - *Committee Chairman (Independent)*	4/4
Mr. William Chan Chak Cheung *(Independent)*	4/4
Mr. Chan Kwok Wai *(Independent)*	4/4

The following is a summary of the work performed by the AC during the Year:

— Reviewed the audited annual results of the Group for the year ended 31 March 2013;

— Reviewed the interim results of the Group for the six months ended 30 September 2013;

— Reviewed the internal audit reports covering the evaluation of internal controls of the Group;

— Reviewed the auditors' remuneration and their performance and confirmed their independence;

— Reviewed the Corporate Governance Report of the Group for the year ended 31 March 2013; and

— Evaluated and assessed the effectiveness of the Audit Committee and the adequacy of the Audit Committee Charter and consider any changes are required.

NOMINATION COMMITTEE

The nomination committee (the "NC") is responsible for developing criteria to identify, assess the qualifications of and evaluate candidates for the Board. They identify individuals suitably qualified in terms of skill, knowledge and experience to become members of the Board, taking into account of the existing composition of the Board in terms of skill, knowledge and experience and make recommendation to the Board for approval.

The NC comprises 5 members. Attendance of each member at the NC meetings held in the year is set out below:

Members	**Meetings Attended/Held**
Mr. William Chan Chak Cheung - *Committee Chairman (Independent)*	1/1
Dr. Samson Sun, M.B.E., J.P. (*Independent)*	1/1
Mr. Chan Kwok Wai *(Independent)*	1/1
Mr. Jimmy Lee Yuen Ching	1/1
Mr. James Lee Yuen Kui	1/1

During the Year, the NC adopted a board diversity policy (the "Diversity Policy") which sets out the principles to be followed to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance. The NC also reviewed the policy on nomination and appointment of Directors and the structure, size and composition (including skill, knowledge and experience) of the Board and assessed the independence of the INEDs.

With the adoption of Diversity Policy, the duty scope of the Nomination Committee has been extended to include the monitoring of the implementation of the Diversity Policy.

REMUNERATION COMMITTEE

The Board has established a remuneration committee (the "RC") and its principal roles and functions are:

(a) to make recommendations to the Board on the Company's policy and structure of remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;

(b) to recommend the remuneration packages of the Directors and senior management; and

(c) to review and approve performance based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

The RC comprises 5 members. Attendance of each member at the RC meetings held in the Year is set out below:

Members	**Meetings Attended/Held**
Dr. Samson Sun, M.B.E., J.P. - *Committee Chairman (Independent)*	2/2
Mr. William Chan Chak Cheung *(Independent)*	2/2
Mr. Chan Kwok Wai *(Independent)*	2/2
Mr. Jimmy Lee Yuen Ching	2/2
Mr. James Lee Yuen Kui	2/2

During the Year, the RC assessed the performance of executive and reviewed the remuneration policy of the Group and the remuneration packages of the Directors and the senior management.

The RC has adopted the model of making recommendations to the Board on the remuneration packages of individual Executive Directors and senior management. The Board will have final authority to approve the recommendations made by the Remuneration Committee.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Pursuant to Bye-law 99 of the Company, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office by rotation save any Director holding office as Chairman or Managing Director, at each Annual General Meeting ("AGM"). The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day shall (unless they otherwise agree between themselves) be determined by lot. The retiring Directors shall be eligible for re-election. The Company at any general meeting at which any Directors retire may fill the vacated offices.

Despite CG Code A.4.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years, in the opinion of the Board, the Chairman and Managing Director play a pivotal role in charting of corporate strategies and direction of the Group and should not be subject to retirement by rotation in consideration of the stability and continuity development of the Group. As such, the Board has exempted the Chairman and Managing Directors from retiring from office by rotation at AGM in accordance with the Bye-law 99 of the Company.

NON-EXECUTIVE DIRECTORS

Each Non-executive and Independent Non-executive Director was appointed for a term of period up to his retirement by rotation and re-election at the AGM of the Company in accordance with the Bye-law 99. The Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code A.4.1 which stipulates that Non-executive Directors should be appointed for a specific term, subject to re-election.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received annual confirmations of independence from each of the INEDs and considers all INEDs are independent in accordance with the guidelines set out in Rule 3.13 of the Listing Rules.

CONTINUOUS PROFESSIONAL DEVELOPMENT

During the year, all Directors are provided with regular updates on the Group's performance as well as changes in the relevant laws and regulations applicable to the Group and the Directors. Trainings have been arranged for all Directors by the Company covering a broad range of topics. All Directors have provided a record of the training they received to the Company.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties of the Company. Terms of Reference of corporate governance functions are stipulated as follows:

(a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the board;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the companies policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct applicable to employees and Directors;

(e) to review the company's compliance with the CG Code and disclosure in the Corporate Governance Report.

BOARD DIVERSITY POLICY

The Company has recognised the importance of board diversity to corporate governance and the board effectiveness in terms of examination and evaluation of corporate issues from different perspectives. During the financial year, the Company has adopted a board diversity policy (the "Diversity Policy") which sets out the objectives and principle regarding board diversity.

Pursuant to the Diversity Policy, the Company considers board diversity from a number of aspects, including but not limited to gender, race, language, cultural and educational background, industry and professional experience. The ultimate decision would be based on merit and contribution the selected candidates would bring to the Board as well as the Company's business needs.

Having reviewed the Diversity Policy and the Board's composition, the Nomination Committee considers that the requirements set out in the Diversity Policy had been met.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the financial statements of the Group for each financial year which gives a true and fair view of the state of affairs of the Group. The reporting responsibilities of the Company's external auditors are set out in this annual report on page 25.

EXTERNAL AUDITORS

The consolidated financial statements for the year were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming AGM. The Audit Committee has recommended to the Board that HLB Hodgson Impey Cheng Limited be nominated for appointment as the auditors of the Company at the forthcoming AGM.

During the year, the remunerations payable to the Company's external auditors for audit and non-audit services performed by HLB Hodgson Impey Cheng Limited are set out below:

Type of services rendered	**Fees payable**
	HK$'000
Audit services	1,400
Non-audit services	128
Total	1,528

The non-audit services are relating to review services.

The remuneration payable to other auditors of the Group in respect of audit services for the year ended 31 March 2014 amounted to approximately HK$597,260.

INTERNAL CONTROL

The Board has conducted a review of the effectiveness of the Company's internal control system to ensure that the Company maintains sound and effective controls to safeguard shareholders' investment and the Company's assets. The review covered financial, operational and compliance controls and risk management functions.

The Board also considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function.

In view of the size, nature and complexity of the business of the Group, the Board has appointed external independent professionals to perform internal audit functions. As approved by the Audit Committee, the external independent professionals made assessment on various business and operation risks of the Group. The Audit Committee reviewed the findings from the external independent professionals annually and discussed the recommended actions needed to be taken to develop and improve the effectiveness of the Group's internal control system. The Board will continue to improve the Group's internal control system through periodic reviews and recommendations from the external auditors and external independent professionals during their audit.

COMMUNICATION WITH SHAREHOLDERS

The Board is responsible for maintaining on-going communication with its shareholders so as to comply fully with the disclosure requirements under the Listing Rules and other applicable laws and regulation. All shareholders should have the equal rights of access to the information of the Company to enable them to make informed decisions.

AGM is an important channel for communicating with the shareholders. Separate resolutions are proposed by the Chairman at the AGM for each substantially separate issue such as the nomination of persons as directors. The Chairman of the Board, as well as the chairmen of the audit, remuneration and nomination committees, have attended the AGM to communicate directly with the shareholders. The external auditor has also attended the AGM to answer relevant enquiries from the shareholders.

All shareholders can access the information of the Company through the Company's website at http://www.irasia.com/listco/hk/national/index.htm. The website provides the updated information of the Group, including annual and interim reports, announcements and circulars. Shareholders are welcome to put to the Board any enquiries by contacting the Company Secretary, contact details of which are published on IR Contact page of the Company's website.

SHAREHOLDERS RIGHTS

PROCEDURES FOR SHAREHOLDERS TO CONVENE A SPECIAL GENERAL MEETING ("SGM")

Pursuant to Section 74 of the Bermuda Companies Act 1981, shareholders of the Company holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the company as at the date of the deposit carries the right of voting at general meetings of the Company shall have the right to request the Board to convene a SGM of the Company.

The requisition must state the purposes of the meeting, and must be signed by the requisitionists and addressed to Company Secretary at the Company's Head Office at Suite 3201, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong, and may consist of several documents in like form each signed by one or more requisitionists.

Such requisition will be verified with the Company's Share Registrars and upon their confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice to all shareholders.

If the Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them may convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date. A SGM convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in any SGM to be convened by the Board.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETING

Pursuant to Sections 79 and 80 of the Bermuda Companies Act 1981, the number of shareholders necessary for a requisition for putting forward a proposal at an AGM, or SGM, shall be any number of shareholders representing not less than 5% of the total voting rights at the date of the requisition; or not less than one hundred shareholders.

The requisition duly signed by all the requisitionists with the requisitionists' name and address stated clearly in an eligible manner, shall be deposited at the Company's Head Office at Suite 3201, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong with a sum reasonably sufficient to meet the Company's relevant expenses and not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in case of any other requisition.

Such requisition will be verified with the Company's Share Registrars and upon their confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to include the resolution in the agenda for the general meeting.

PROCEDURES FOR MAKING ENQUIRY TO THE BOARD

Shareholders may send their enquiries and concerns to the Board by addressing them to the IR contacts of the Company so published on the Company's website. Shareholders may also make enquiries to the Board at the general meetings of the Company. If shareholders have any enquiries about their shareholdings and entitlements to dividend, they should direct their enquiries to Tricor Standard Limited, the Company's Branch Registrar, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

CONSTITUTIONAL DOCUMENTS

There was no change to the Company's Bye-laws during the year ended 31 March 2014.

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF
NATIONAL ELECTRONICS HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of National Electronics Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 27 to 126, which comprise the consolidated and company statements of financial position as at 31 March 2014, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 Consolidated Financial Statements

The directors of the Company are responsible for the preparation of 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 disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of 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 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this 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 consolidated 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.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of 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 disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hui Chun Keung, David
Practising Certificate Number: P05447

Hong Kong, 27 June 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2014 (in HK Dollars)

	Notes	**Year ended 31/03/2014**	Year ended 31/03/2013
			(Restated)
Revenue	7	**1,171,313,881**	1,167,853,958
Cost of sales		**(1,009,384,023)**	(990,349,105)
Gross profit		**161,929,858**	177,504,853
Other income and gains	8	**6,271,487**	30,384,242
Increase in fair value of investment properties	15	**194,935,910**	30,841,370
Gain on disposal of subsidiaries		**—**	3,608,177
Fair value gain arising from the remeasurement of the previously held interest in a joint venture		**—**	143,157,821
Distribution costs		**(10,041,615)**	(9,247,112)
Administrative expenses		**(211,687,418)**	(182,217,578)
Finance costs	9	**(29,084,270)**	(24,212,583)
Share of results of associates		**111,312,276**	135,810,816
Profit before taxation	10	**223,636,228**	305,630,006
Income tax credit/(expense)	12	**4,839,625**	(9,164,653)
Profit for the year		**228,475,853**	296,465,353
Earnings per share	14		
Basic		**23.8 HK cents**	30.3 HK cents
Diluted		**23.6 HK cents**	30.1 HK cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014 (in HK Dollars)

	Year ended 31/03/2014	Year ended 31/03/2013
		(Restated)
Profit for the year	**228,475,853**	296,465,353
Other comprehensive income/(expense)		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit obligation	**857,936**	209,257
Loss on revaluation of properties	**—**	(47,235,714)
Reversal of deferred taxation arising on revaluation of properties	**—**	7,793,893
	857,936	(39,232,564)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translating foreign operations	**3,368,780**	3,912,221
Reclassification adjustment for gain included in profit or loss	**(2,635,745)**	—
Fair value (loss)/gain on hedging instruments in cash flow hedges	**(527)**	2,636,272
Fair value gain/(loss) on available-for-sale investments	**1,020,000**	(560,000)
	1,752,508	5,988,493
Other comprehensive income/(expense) for the year	**2,610,444**	(33,244,071)
Total comprehensive income for the year	**231,086,297**	263,221,282

At 31 March 2014 (in HK Dollars)

	Notes	**31/03/2014**	31/03/2013	01/04/2012
			(Restated)	(Restated)
Non-current assets				
Investment properties	15	**887,577,000**	645,000,000	768,596,000
Property, plant and equipment	16	**567,995,746**	552,048,987	256,345,880
Prepaid lease payments	17	**14,031,651**	14,348,251	14,543,932
Goodwill	18	**678,126**	678,126	678,126
Interests in associates	20	**284,408,118**	173,095,842	485,157,907
Interests in joint ventures	21	**—**	—	—
Available-for-sale investments	22	**22,250,000**	21,230,000	20,490,000
Held-to-maturity investments	23	**—**	—	11,721,920
Deferred tax assets	37	**7,115,238**	—	—
		1,784,055,879	1,406,401,206	1,557,533,765
Current assets				
Inventories	24	**129,415,492**	133,429,238	173,214,874
Prepaid lease payments	17	**326,332**	325,911	322,733
Held-to-maturity investments	23	**—**	11,768,269	—
Investment held for trading	25	**4,299,525**	4,058,346	4,097,534
Inventory of unsold properties		**6,937,366**	7,464,423	127,380,207
Properties under development for sale	26	**1,256,445,748**	1,183,576,472	78,820,146
Bills receivables	28	**1,288,962**	1,562,246	1,721,248
Trade receivables, deposits and prepayments	28	**155,149,054**	136,175,573	174,434,198
Amounts due from associates	20	**18,148,911**	71,307,347	173,904,033
Amounts due from joint ventures	21	**21,349,823**	15,999,823	125,499,603
Tax recoverable		**946,258**	56,744	1,495,609
Bank balances and cash	29	**646,093,742**	615,705,106	282,850,250
		2,240,401,213	2,181,429,498	1,143,740,435
Current liabilities				
Trade payables, customers' deposits and accrued expenses	30	**147,235,173**	176,689,402	176,406,139
Bills payables	30	**95,025,220**	88,074,614	128,448,006
Amount due to an associate	20	**46,815,748**	46,815,748	7,020
Tax payable		**4,691,530**	7,749,596	4,582,491
Derivative financial instruments	31	**1,179,294**	3,058,561	9,989,693
Obligations under finance leases	32	**6,041,458**	3,319,946	2,002,592
Bank loans	33	**450,939,302**	510,786,792	583,051,022
		751,927,725	836,494,659	904,486,963
Net current assets		**1,488,473,488**	1,344,934,839	239,253,472
Total assets less current liabilities		**3,272,529,367**	2,751,336,045	1,796,787,237

At 31 March 2014 (in HK Dollars)

	Notes	31/03/2014	31/03/2013	01/04/2012
			(Restated)	(Restated)
Capital and reserves				
Share capital	34	**94,040,651**	97,656,251	97,754,251
Reserves		**1,634,403,676**	1,492,107,365	1,288,539,919
Total equity		**1,728,444,327**	1,589,763,616	1,386,294,170
Non-current liabilities				
Provision for long service payments	36	**5,869,637**	6,731,245	7,263,353
Derivative financial instruments	31	**—**	81,333	657,552
Obligations under finance leases	32	**33,296,021**	3,378,010	2,555,046
Bank loans	33	**1,428,315,840**	1,076,211,080	378,402,564
Deferred tax liabilities	37	**76,603,542**	75,170,761	21,614,552
		1,544,085,040	1,161,572,429	410,493,067
		3,272,529,367	2,751,336,045	1,796,787,237

The consolidated financial statements on pages 27 to 126 were approved and authorised for issue by the Board of Directors on 27 June 2014 and are signed on its behalf by:

JIMMY LEE YUEN CHING
Director

JAMES LEE YUEN KUI
Director

At 31 March 2014 (in HK Dollars)

	Notes	31/03/2014	31/03/2013
Non-current assets			
Interests in subsidiaries	19	**523,978,432**	507,943,193
Available-for-sale investments	22	**2,000,000**	2,000,000
		525,978,432	509,943,193
Current assets			
Amount due from a subsidiary	27	**150,852,502**	914,657
Bank balances		**4,544,571**	3,876,651
		155,397,073	4,791,308
Current liabilities			
Accrued expenses		**4,970,079**	4,364,783
Financial guarantee contracts	38	**92,453,412**	101,832,302
Amount due to a subsidiary	27	**239,821,601**	146,324,012
		337,245,092	252,521,097
Net current liabilities		**(181,848,019)**	(247,729,789)
Net assets		**344,130,413**	262,213,404
Capital and reserves			
Share capital	34	**94,040,651**	97,656,251
Reserves	35	**250,089,762**	164,557,153
Total equity		**344,130,413**	262,213,404

The financial statements on pages 27 to 126 were approved and authorised for issue by the Board of Directors on 27 June 2014 and are signed on its behalf by:

JIMMY LEE YUEN CHING Director	**JAMES LEE YUEN KUI** Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014 (in HK Dollars)

	Share capital	Share premium	Exchange reserve	Hedging reserve	Revaluation reserve	Share options reserve	Contributed surplus	Capital redemption reserve	Retained profits	Total
At 1 April 2012 as previously reported	97,754,251	32,913,433	(12,224,657)	–	86,658,832	2,900,000	66,141,751	33,047,240	1,082,028,348	1,389,219,198
Effect of changes in accounting policies	–	–	–	–	–	–	–	–	(2,925,028)	(2,925,028)
At 1 April 2012 as restated	97,754,251	32,913,433	(12,224,657)	–	86,658,832	2,900,000	66,141,751	33,047,240	1,079,103,320	1,386,294,170
Profit for the year	–	–	–	–	–	–	–	–	296,465,353	296,465,353
Other comprehensive income/(expense) for the year	–	–	3,912,221	2,636,272	(40,001,821)	–	–	–	209,257	(33,244,071)
Total comprehensive income/(expense) for the year	–	–	3,912,221	2,636,272	(40,001,821)	–	–	–	296,674,610	263,221,282
Exercise of share options	30,000	264,740	–	–	–	(66,740)	–	–	–	228,000
Dividend paid	–	–	–	–	–	–	–	–	(58,670,564)	(58,670,564)
Repurchase of own shares	(128,000)	–	–	–	–	–	–	128,000	(1,309,272)	(1,309,272)
At 31 March 2013	97,656,251	33,178,173	(8,312,436)	2,636,272	46,657,011	2,833,260	66,141,751	33,175,240	1,315,798,094	1,589,763,616
Profit for the year	–	–	–	–	–	–	–	–	228,475,853	228,475,853
Other comprehensive income/(expense) for the year	–	–	3,368,780	(2,636,272)	1,020,000	–	–	–	857,936	2,610,444
Total comprehensive income/(expense) for the year	–	–	3,368,780	(2,636,272)	1,020,000	–	–	–	229,333,789	231,086,297
Dividend paid	–	–	–	–	–	–	–	–	(57,603,204)	(57,603,204)
Repurchase of own shares	(3,615,600)	–	–	–	–	–	–	3,615,600	(34,802,382)	(34,802,382)
At 31 March 2014	**94,040,651**	**33,178,173**	**(4,943,656)**	**–**	**47,677,011**	**2,833,260**	**66,141,751**	**36,790,840**	**1,452,726,297**	**1,728,444,327**

The contributed surplus represents the difference between the nominal amount of the shares issued by the Company and the shareholders' funds of the subsidiaries acquired pursuant to the Group reorganisation undertaken prior to the listing of the Company's shares.

	Year ended 31/03/2014	Year ended 31/03/2013
		(Restated)
Operating activities		
Profit before taxation	**223,636,228**	305,630,006
Adjustments for:		
Finance costs	**29,084,270**	24,212,583
Share of results of associates	**(111,312,276)**	(135,810,816)
Impairment loss recognised in respect of trade and other receivables	**2,933,748**	1,472,000
Reversal of write-down of inventories	**(2,919,055)**	(2,682,180)
Recovery of doubtful debts	**—**	(2,098,859)
Provision for long service payments	**27,842**	27,308
Amortisation of prepaid lease payments	**328,350**	327,245
Depreciation of property, plant and equipment	**39,026,869**	30,287,737
Interest income	**(4,753,083)**	(5,533,539)
Bargain purchase gain arising on acquisition of subsidiaries	**—**	(5,657,431)
Fair value gain arising from remeasurement of the previously held interest in a joint venture	**—**	(143,157,821)
Increase in fair value of investment properties	**(194,935,910)**	(30,841,370)
Impairment loss recognised in respect of property, plant and equipment	**25,400,000**	—
(Gain)/loss on disposal of property, plant and equipment	**(483,602)**	66,337
Gain on disposal of subsidiaries	**—**	(3,608,177)
Loss on deregistration of a subsidiary	**169,221**	—
Loss/(gain) on fair value changes of investments held for trading	**25,543**	(203,657)
(Gain)/loss on fair value changes of derivative financial instruments	**(62,655)**	860,616
Operating cash flows before movements in working capital	**6,165,490**	33,289,982
Decrease in inventories	**6,932,801**	42,467,816
Decrease in inventory of unsold properties	**—**	119,915,784
Increase in properties under development for sale	**(74,688,447)**	(206,766,847)
Decrease in bills receivables	**273,284**	159,002
(Increase)/decrease in trade receivables, deposits and prepayments	**(22,076,759)**	38,945,584
(Decrease)/increase in trade payables, customers' deposits and accrued expenses	**(12,947,934)**	967,737
Increase in held for trading investments	**(410,800)**	—
Decrease in derivative financial instruments	**(4,534,217)**	(9,280,892)
Increase/(decrease) in bills payables	**6,950,606**	(40,373,392)
Utilisation of provision for long service payments	**(31,514)**	(350,159)
Cash used in operations	**(94,367,490)**	(21,025,385)
Hong Kong Profits Tax paid	**(4,836,707)**	(3,501,210)
Overseas income tax paid	**(13,513)**	(12,761)
Hong Kong Profits Tax refunded	**—**	1,839,245
Overseas income tax refunded	**—**	855,680
Net cash used in operating activities	**(99,217,710)**	(21,844,431)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014 (in HK Dollars)

	Year ended 31/03/2014	Year ended 31/03/2013
		(Restated)
Investing activities		
Additions to investment properties	**(42,678,793)**	(163,623,074)
Acquisition of subsidiaries	**—**	(137,441,366)
Purchase of property, plant and equipment	**(40,778,599)**	(47,391,370)
Repayment from associates	**53,158,436**	102,596,686
Dividend received from an associate	**—**	447,872,881
Advance to a joint venture	**(5,350,000)**	(2,999,830)
Redemption of held-to-maturity investments	**11,768,269**	—
Purchase of available-for-sale investments	**—**	(1,300,000)
Proceeds from disposal of property, plant and equipment	**493,054**	—
Proceeds from disposal of subsidiaries	**—**	4,082,823
Interest received	**4,942,307**	5,832,061
Net cash (used in)/generated from investing activities	**(18,445,326)**	207,628,811
Financing activities		
New bank loans raised	**656,844,217**	526,796,247
Advance from an associate	**—**	46,808,728
Interest paid	**(47,356,838)**	(33,456,815)
Dividends paid	**(57,603,204)**	(58,670,564)
Repayment of bank loans	**(361,481,701)**	(216,902,367)
Repayment of obligations under finance leases	**(7,136,224)**	(3,835,605)
Repayment of other loans	**—**	(112,499,610)
Issue of shares	**—**	228,000
Repurchase of own shares	**(34,802,382)**	(1,309,272)
Net cash generated from financing activities	**148,463,868**	147,158,742
Net increase in cash and cash equivalents	**30,800,832**	332,943,122
Cash and cash equivalents at 1 April	**615,705,106**	282,850,250
Effect of foreign exchange rate changes	**(412,196)**	(88,266)
Cash and cash equivalents at 31 March	**646,093,742**	615,705,106
Analysis of the balances of cash and cash equivalents:		
Bank balances and cash	**646,093,742**	615,705,106

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information to the annual report.

The principal activities of the Company and its subsidiaries (the "Group") are the manufacture, assembly and sale of electronic watches and watch parts, trading of watch movements and watch parts, property development, property investment and hotel operation.

The consolidated financial statements are presented in Hong Kong dollars ("HKD"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Application of new and revised HKFRSs

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Cont'd)

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements,* HKFRS 12 *Disclosure of Interests in Other Entities*, HKAS 27 (as revised in 2011) *Separate Financial Statements* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures,* together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) Int-12 *Consolidation – Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors of the Company made an assessment as at the date of initial application of HKFRS 10 (i.e. 1 April 2013) and concluded that the adoption of HKFRS 10 does not change any of the control conclusions reached by the Group in respect of its involvement with the investees as at 1 April 2013.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Cont'd)

New and revised Standards on consolidation, joint arrangements, associates and disclosures (Cont'd)

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, HK(SIC) – Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangement in accordance with the requirement of HKFRS 11. The directors of the Company concluded that the Group's investments which were classified as jointly controlled entities under HKAS 31 should be classified as joint ventures under HKFRS 11 and continue apply the equity method.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Cont'd)

HKFRS 13 *Fair Value Measurement*

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed as the 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Cont'd)

HKAS 19 *Employee Benefits* (as revised in 2011)

In the current year, the Group has applied HKAS 19 *Employee Benefits* (as revised in 2011) and the related consequential amendments for the first time.

HKAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of HKAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a 'net interest' amount under HKAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset.

Specific transitional provisions are applicable to first-time application of HKAS 19 (as revised in 2011). The application of HKAS 19 (as revised in 2011) has had an impact on the amounts recognised in profit or loss and other comprehensive income in prior years. In addition, HKAS 19 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosure. The Group has applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis (see the tables below for details).

Summary of the effects of the above change in accounting policies

The effects of change in accounting policies described above on the results for the current and prior years by line items are as follows:

Impact on total comprehensive income for the year of the application of HKAS 19 (as revised in 2011)

	Year ended 31/03/2014	Year ended 31/03/2013
Impact on profit for the year:		
Increase/(decrease) in administrative expenses	**27,842**	(241,729)
(Decrease)/increase in profit for the year	**(27,842)**	241,729
Impact on other comprehensive income/(expense) for the year:		
Decrease in remeasurement of defined benefit obligation	**857,936**	209,257
Increase/(decrease) in other comprehensive income/(expense) for the year	**857,936**	(209,257)
Increase in total comprehensive income for the year	**830,094**	450,986

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Cont'd)

HKAS 19 *Employee Benefits* (as revised in 2011) (Cont'd)

Impact on liabilities and equity as at 1 April 2012 of the application of the above new and revised standards

	As at 01/04/2012 as previously reported	HKAS 19 adjustments	As at 01/04/2012 as restated
Effect on net assets			
Provision for long service payments	4,338,325	2,925,028	7,263,353
Effect on equity			
Retained profits	1,082,028,348	(2,925,028)	1,079,103,320

Impact on liabilities and equity as at 31 March 2013 of the application of the above new and revised standards

	As at 31/03/2013 as previously reported	As at HKAS 19 adjustments	31/03/2013 as restated
Effect on net assets			
Provision for long service payments	4,257,203	2,474,042	6,731,245
Effect on equity			
Retained profits	1,318,272,136	(2,474,042)	1,315,798,094

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Cont'd)

HKAS 19 *Employee Benefits* (as revised in 2011) (Cont'd)

Impact on liabilities and equity as at 31 March 2014 of the application of the above new and revised standards

	As at 31/03/2014
Effect on net assets	
Increase in provision for long service payments	**1,643,948**
Effect on equity	
Decrease in retained profits	**1,643,948**

The effects of the above change in accounting policies on the Group's basic and diluted earnings per share for the current and prior year are as follows:

Impact on basic and diluted earnings per share

	Impact on basic earnings per share		**Impact on diluted earnings per share**	
	Year ended 31/03/2014 HK cents	Year ended 31/03/2013 HK cents	**Year ended 31/03/2014 HK cents**	Year ended 31/03/2013 HK cents
Figures before adjustments	**23.8**	30.3	**23.6**	30.1
Adjustments arising from change in the Group's accounting policy in relation to:				
– application of HKAS 19 (as revised in 2011)	**—**	—	**—**	—
Figures after adjustments	**23.8**	30.3	**23.6**	30.1

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Cont'd)

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle[2]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[5]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC)-Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
5 Effective for annual periods beginning on or after 1 January 2016

The directors of the Company anticipate that the application of the new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquire is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquire prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Investments in associates and joint ventures (Cont'd)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue arising from the sale of completed properties is recognised upon the execution of the sale and purchase agreement.

When a development property is sold in advance of completion, revenue is only recognised upon the completion of the sale and purchase agreement. Deposits and installments received from purchasers prior to this stage are included in the liabilities.

Service income is recognised when services are provided.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Leasing (Cont'd)

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Foreign currencies (Cont'd)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HKD) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period , unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's 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 recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint arrangements, except 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Taxation (Cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment including buildings, leasehold land (classified as finance leases) and freehold land held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property, plant and equipment (Cont'd)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes). Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Impairment on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Properties under development for sale

Properties under development for sale are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

The cost of properties under development for sale includes land cost, construction cost, borrowing costs capitalised and other direct development expenditure.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity investments, available-for-sale ("AFS") financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

***Financial assets* (Cont'd)**

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the other gains and losses.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Financial assets **(Cont'd)**

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intention and ability to hold to maturity other than:

- those that the entity upon initial recognition designates as at fair value through profit or loss;
- those that the entity designates as available for sale; and
- those that meet the definition of loans and receivables.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment losses on financial assets below).

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Financial assets **(Cont'd)**

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

***Financial assets* (Cont'd)**

Impairment of financial assets (Cont'd)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Financial liabilities and equity instruments **(Cont'd)**

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are either held for trading or those designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest paid on the financial liabilities and is included in the other gains and losses.

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis other than those financial liabilities classified as at FVTPL, of which the interest expense is included in net gains or losses.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated under the heading of hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity (hedging reserve) are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the consolidated statement of profit or loss as the recognised hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

(i) the amount of obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and

(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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 judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties situated in Hong Kong as the Group is not expected to have tax consequence on disposal of those investment properties.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. At 31 March 2014, the carrying amount of trade receivables is HK$76,878,935 (31 March 2013: HK$55,106,438) (net of allowance for doubtful debts of HK$6,065,530 (31 March 2013: HK$6,064,596)).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Estimated allowances for inventories

The Group makes allowances for inventories based on an assessment of the net realisable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories. The identification of obsolete inventories requires the use of judgement and estimates on the conditions and usefulness of the inventories. If conditions which have an impact on the net realisable value of inventories deteriorate/improve; additional allowances/reversal of allowances may be required. The carrying amount of inventories as at 31 March 2014 amounting to HK$129,415,492 (31 March 2013: HK$133,429,238).

Properties under development for sale

An assessment of the net realisable value is made in each reporting period. The Group takes into consideration the current market environment and the estimated market value of leasehold land. Such assessment was made based on certain assumptions, which are subject to uncertainty and might materially differ from actual results. In making the assessment, the directors have made estimates concerning estimated prices to be generated by the completed properties and made deductions for the estimated development costs and required estimated development profits from the properties. The assumptions used are intended to reflect conditions existing at the end of the reporting period. Impairment is made if the estimated net realisable value is less than the carrying amount. If the actual net realisable value on properties under development is less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, a material provision for impairment loss may result. The carrying amount of the properties under development for sale is HK$1,256,445,748 (31 March 2013: HK$1,183,576,472).

Impairment loss on property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount which is the higher of fair value less costs to sell or value in use. An impairment loss is measured as the difference between the asset's carrying amount and the recoverable amount. Where the recoverable amount is less than expected, a material impairment loss may arise.

Income taxes

At 31 March 2014, a deferred tax asset of HK$18,227,553 (31 March 2013: HK$9,928,749) in relation to unused tax losses has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of approximately HK$403,035,000 (31 March 2013: HK$389,504,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Board of Directors is responsible for the determination of the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Board of Directors works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of the investment properties. Notes 6(c) and 15 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt (which includes bank loans) and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The Group's management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The gearing ratio at the end of the reporting period was as follows:

	31/03/2014	31/03/2013
		(Restated)
Debt (i)	**1,428,315,840**	1,076,211,080
Equity (ii)	**1,728,444,327**	1,589,763,616
Gearing ratio	**83%**	68%

(i) Debt is defined as non-current bank loans as detailed in note 33.

(ii) Equity includes all capital and reserves of the Group.

6. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

At 31 Mach 2014

Financial assets

	Held for trading	Loans and receivables	Available-for-sale financial assets	Total
Available-for-sale investments	—	—	22,250,000	22,250,000
Investment held for trading	4,299,525	—	—	4,299,525
Bills receivables	—	1,288,962	—	1,288,962
Trade receivable, deposits and other receivables	—	126,016,482	—	126,016,482
Amounts due from associates	—	18,148,911	—	18,148,911
Amounts due from joint ventures	—	21,349,823	—	21,349,823
Bank balances and cash	—	646,093,742	—	646,093,742
	4,299,525	812,897,920	22,250,000	839,447,445

Financial liabilities

	Held for trading	Financial liabilities at amortised cost	Total
Trade payables and accrued expenses	—	109,920,776	109,920,776
Bills payables	—	95,025,220	95,025,220
Amount due to an associate	—	46,815,748	46,815,748
Derivative financial instruments	1,179,294	—	1,179,294
Obligations under finance leases	—	39,337,479	39,337,479
Bank loans	—	1,879,255,142	1,879,255,142
	1,179,294	2,170,354,365	2,171,533,659

6. FINANCIAL INSTRUMENTS (Cont'd)

a. Categories of financial instruments (Cont'd)

At 31 Mach 2013

Financial assets

	Held for trading	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Total
Available-for-sale investments	—	—	—	21,230,000	21,230,000
Held-to-maturity investments	—	11,768,269	—	—	11,768,269
Investment held for trading	4,058,346	—	—	—	4,058,346
Bills receivables	—	—	1,562,246	—	1,562,246
Trade receivables, deposits and other receivables	—	—	106,660,689	—	106,660,689
Amounts due from associates	—	—	71,307,347	—	71,307,347
Amounts due from joint ventures	—	—	15,999,823	—	15,999,823
Bank balances and cash	—	—	615,705,106	—	615,705,106
	4,058,346	11,768,269	811,235,211	21,230,000	848,291,826

Financial liabilities

	Derivative instruments in designated hedge accounting relationships	Held for trading	Financial liabilities at amortised cost	Total
Trade payables and accrued expenses	—	—	151,778,266	151,778,266
Bills payables	—	—	88,074,614	88,074,614
Amount due to an associate	—	—	46,815,748	46,815,748
Derivative financial instruments	912,925	2,226,969	—	3,139,894
Obligations under finance leases	—	—	6,697,956	6,697,956
Bank loans	—	—	1,586,997,872	1,586,997,872
	912,925	2,226,969	1,880,364,456	1,883,504,350

6. FINANCIAL INSTRUMENTS (Cont'd)

b. Financial risk management objectives and policies

The Group's management monitors and manages the financial risks relating to the operations of the Group through internal analysis which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to mitigate these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors in relation to the use of financial derivatives and non-derivative financial instruments and the investment of excess liquidity.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity prices. The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency and interest rate risks, including:

- foreign currency forward contracts to minimise the exchange rate risk in relation to foreign currency transactions; and
- interest rate swaps to mitigate the cash flow interest rate risk.

(i) Foreign currency risk

Several subsidiaries of the Group have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 37% (Year ended 31 March 2013: 17%) of the Group's sales are denominated in currencies other than the functional currency of the group entity making the sale, whilst almost 5% (Year ended 31 March 2013: 5%) of costs are denominated in the group entity's respective functional currencies.

The carrying amounts of the Group's foreign currencies denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	31/03/2014	31/03/2013	**31/03/2014**	31/03/2013
Canadian Dollar ("CAD")	**136,080,407**	104,519,540	**63,694,352**	31,394,285
Japanese Yen ("JPY")	**138,050,972**	137,989,201	**34,466,355**	52,450,456
United States Dollars ("USD")	**223,176,678**	190,980,498	**84,436,597**	90,263,509
Renminbi ("RMB")	**10,190,548**	19,607,435	**66,176,997**	90,010,682
Others	**590,816**	1,675,394	**2,604,640**	7,039,997

6. FINANCIAL INSTRUMENTS (Cont'd)

b. Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

Sensitivity analysis

The Group is mainly exposed to the effects of fluctuation in JPY and CAD.

The following table details the Group's sensitivity to a 5% (31 March 2013: 5%) increase and decrease in HKD against the relevant foreign currencies. 5% (31 March 2013: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts its translation at the end of the reporting period for a 5% (31 March 2013: 5%) change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit where HKD strengthen 5% (31 March 2013: 5%) against the relevant currencies. For a 5% (31 March 2013: 5%) weakening of HKD against the relevant currencies, there would be an equal and opposite impact on the profit and the balances below would be negative.

	Impact of JPY (i)		**Impact of CAD (ii)**	
	Year ended 31/03/2014	Year ended 31/03/2013	**Year ended 31/03/2014**	Year ended 31/03/2013
Profit or loss	**6,900,000**	6,899,000	**8,978,000**	9,187,000

(i) This is mainly attributable to the exposure outstanding on bills payables and import loans denominated in JPY.

(ii) This is mainly attributable to the exposure outstanding on loans to foreign operation within the Group denominated in CAD.

6. FINANCIAL INSTRUMENTS (Cont'd)

b. Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

(ii) Interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate short term bank deposits, fixed-rate debt securities and obligations under finance leases, while the Group's cash flow interest rate risk relates primarily to variable-rate borrowings (see note 33 for details of these borrowings).

In relation to these variable-rate bank loans, the Group enters into interest rate swaps to minimise against its exposures to changes in interest rate of those bank loans.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR or LIBOR arising from the Group's bank loans denominated in HKD, USD and JPY.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate bank loans at the end of the reporting period. For variable-rate bank loans, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. 50 basis points (31 March 2013: 50 basis points) increase or decrease in HIBOR or LIBOR is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (31 March 2013: 50 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 March 2014 would decrease/increase by approximately HK$5,063,000 (Year ended 31 March 2013: HK$3,616,000).

(iii) Other price risk

The Group is exposed to price risk through its available-for-sale investments and investment held for trading. The management will monitor the price risk and take appropriate actions should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to price risk at the reporting date.

If prices had been 5% (31 March 2013: 5%) higher/lower, the Group's profit for the year ended 31 March 2014 would increase/decrease by approximately HK$215,000 (Year ended 31 March 2013: HK$203,000). This is mainly due to the changes in fair value of investment held for trading.

If prices had been 5% (31 March 2013: 5%) higher/lower, revaluation reserves would increase/decrease by approximately HK$1,113,000 (Year ended 31 March 2013: HK$1,062,000) as a result of the changes in fair value of available-for-sale investments.

6. FINANCIAL INSTRUMENTS (Cont'd)

b. Financial risk management objectives and policies (Cont'd)

Credit risk

At 31 March 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

The table below shows the balance of two major counterparties (including liquid funds) at the end of the reporting date using the Moody's credit rating symbols.

Counterparty	Location	Rating	**Carrying amount at 31/03/2014**	Carrying amount at 31/03/2013
Hang Seng Bank Limited	Hong Kong	Aa2	**232,166,077**	287,670,471
Chiyu Banking Corporation Limited	Hong Kong	Aa3	**124,091,678**	N/A
Industrial and Commercial Bank of China (Asia) Limited	Hong Kong	A1	**N/A**	107,393,581

6. FINANCIAL INSTRUMENTS (Cont'd)

b. Financial risk management objectives and policies (Cont'd)

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

At 31 March 2014, the Group has available unutilised overdrafts and short, medium and long term bank loan facilities of approximately HK$70,000,000 (31 March 2013: HK$91,540,000) and HK$1,478,643,000 (31 March 2013: HK$1,381,249,000) respectively.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

In addition, the following tables detail the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management considers that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

Liquidity tables

	On demand or less than 1 year	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount at 31/03/2014
2014						
Non-derivative financial liabilities						
Trade payables and accrued expenses	109,920,776	–	–	–	109,920,776	109,920,776
Bills payables	95,025,220	–	–	–	95,025,220	95,025,220
Amount due to an associate	46,815,748	–	–	–	46,815,748	46,815,748
Obligations under finance leases	7,533,491	6,110,531	15,132,475	17,681,322	46,457,819	39,337,479
Bank loans	479,193,943	709,739,399	577,646,034	299,237,628	2,065,817,004	1,879,255,142
Derivative financial liabilities - net settlement						
Foreign currency forward contracts	1,179,294	–	–	–	1,179,294	1,179,294

6. FINANCIAL INSTRUMENTS (Cont'd)

b. Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

Liquidity tables (Cont'd)

	On demand or less than 1 year	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount at 31/03/2013
2013						
Non-derivative financial liabilities						
Trade payables and accrued expenses	151,778,266	–	–	–	151,778,266	151,778,266
Bills payables	88,074,614	–	–	–	88,074,614	88,074,614
Amount due to an associate	46,815,748	–	–	–	46,815,748	46,815,748
Obligations under finance leases	3,503,574	2,437,343	1,035,374	–	6,976,291	6,697,956
Bank loans	539,142,120	45,711,803	794,880,022	385,250,807	1,764,984,752	1,586,997,872
Derivative financial liabilities - net settlement						
Foreign currency forward contracts	–	112,382	–	–	112,382	81,333
Interest rate swaps	3,058,561	–	–	–	3,058,561	3,058,561

6. **FINANCIAL INSTRUMENTS (Cont'd)**

c. **Fair value measurements of financial instruments**

(i) *Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis*

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/liabilities	**Fair value as at 31/03/2014**	31/03/2013	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
Listed equity securities classified as investment held for trading	**HK$408,460**	—	Level 1	Quoted bid prices in an active market
Listed debt securities classified as investment held for trading	**HK$3,891,065**	HK$4,058,346	Level 1	Quoted bid prices in an active market
Club debenture classified as available-for-sale investment	**HK$22,250,000**	HK$21,230,000	Level 2	Market prices in secondary markets
Foreign currency forward contract	**Liabilities - HK$1,179,294**	Liabilities - HK$81,333	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.

6. FINANCIAL INSTRUMENTS (Cont'd)

c. Fair value measurements of financial instruments (Cont'd)

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Cont'd)

Financial assets/liabilities	Fair value as at 31/03/2014	Fair value as at 31/03/2013	Fair value hierarchy	Valuation technique(s) and key input(s)
Interest rate swaps	–	Liabilities-HK$3,058,561	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors estimate the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

7. SEGMENT INFORMATION

Information reported to the Board of Directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

1. Manufacture of watches and trading of watch movements - manufacture, assembly and sale of electronic watches and watch parts, trading of watch movements and watch parts

2. Property development - development and sale of properties

3. Property investment - holding of properties for investment and leasing purposes

4. Hotel operation - management and operation of hotels

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

For the year ended 31 March 2014

	Manufacture of watches and trading of watch movements	Property development	Property investment	Hotel operation	Consolidated
REVENUE					
External sales	1,148,580,425	–	1,104,000	21,629,456	1,171,313,881
RESULT					
Segment result	28,300,905	(18,097,338)	172,350,090	17,093,636	199,647,293
Bank interest income					4,208,391
Unallocated other income					75,649
Unallocated other expenses					(62,523,111)
Finance costs					(29,084,270)
Share of results of associates					111,312,276
Profit before taxation					223,636,228
Income tax credit					4,839,625
Profit for the year					228,475,853

7. SEGMENT INFORMATION (Cont'd)

Segment revenues and results (Cont'd)

For the year ended 31 March 2013 (Restated)

	Manufacture of watches and trading of watch movements	Property development	Property investment	Hotel operation	Consolidated
REVENUE					
External sales	1,147,902,149	53,316	1,151,000	18,747,493	1,167,853,958
RESULT					
Segment result	41,061,700	(20,654,452)	28,427,355	13,956,639	62,791,242
Bank interest income					4,799,453
Unallocated other income					6,639,093
Unallocated other expenses					(26,964,013)
Finance costs					(24,212,583)
Gain on disposal of subsidiaries					3,608,177
Fair value gain arising from the remeasurement of the previously held interest in a joint venture					143,157,821
Share of results of associates					135,810,816
Profit before taxation					305,630,006
Income tax expense					(9,164,653)
Profit for the year					296,465,353

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment result represents the profit earned by/loss from each segment without allocation of central administration costs, share of results of associates, gain on disposal of subsidiaries, loss on deregistration of a subsidiary, fair value gain arising from the remeasurement of the previously held interest in a joint venture, other income and finance costs. This is the measure reported to the Board of Directors for the purpose of resource allocation and performance assessment.

7. SEGMENT INFORMATION (Cont'd)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

Segment assets

	31/03/2014	31/03/2013
Manufacture of watches and trading of watch movements	**309,691,263**	327,024,562
Property development	**1,262,330,152**	1,178,838,759
Property investment	**478,905,564**	371,159,064
Hotel operation	**440,979,483**	305,876,440
Total segment assets	**2,491,906,462**	2,182,898,825
Interests in associates	**284,408,118**	173,095,842
Amounts due from associates	**18,148,911**	71,307,347
Amounts due from joint ventures	**21,349,823**	15,999,823
Unallocated	**1,208,643,778**	1,144,528,867
Consolidated assets	**4,024,457,092**	3,587,830,704

Segment liabilities

	31/03/2014	31/03/2013
		(Restated)
Manufacture of watches and trading of watch movements	**141,909,479**	183,841,632
Property development	**37,306,577**	30,637,938
Property investment	**56,287,444**	43,577,832
Hotel operation	**3,849,143**	3,895,120
Total segment liabilities	**239,352,643**	261,952,522
Amount due to an associate	**46,815,748**	46,815,748
Unallocated	**2,009,844,374**	1,689,298,818
Consolidated liabilities	**2,296,012,765**	1,998,067,088

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than interests in associates, amounts due from associates and joint ventures, available-for-sale investments, held-to-maturity investments, deferred tax assets, tax recoverable, bank balances and cash, and other unallocated corporate assets; and

- all liabilities are allocated to operating segments other than bank loans, tax payable, amount due to an associate, deferred tax liabilities and other unallocated corporate liabilities.

7. SEGMENT INFORMATION (Cont'd)

Other segment information

For the year ended 31 March 2014

	Manufacture of watches and trading of watch movements	Property development	Property investment	Hotel operation	Unallocated	Consolidated
Capital additions	**12,824,287**	**301,738**	**47,116,403**	**–**	**67,086,868**	**127,329,296**
Depreciation of property, plant and equipment	**(21,842,967)**	**(674,466)**	**(127,606)**	**(1,356)**	**(16,380,474)**	**(39,026,869)**
Amortisation of prepaid lease payments	**(328,350)**	**–**	**–**	**–**	**–**	**(328,350)**
Impairment loss recognised in respect of trade and other receivables	**(2,933,748)**	**–**	**–**	**–**	**–**	**(2,933,748)**
Impairment loss recognised in respect of property, plant and equipment	**–**	**–**	**–**	**–**	**(25,400,000)**	**(25,400,000)**
Reversals of write-down of inventories	**2,919,055**	**–**	**–**	**–**	**–**	**2,919,055**
Increase in fair value of investment properties	**–**	**–**	**194,935,910**	**–**	**–**	**194,935,910**
Gain/(loss) on disposal of property, plant and equipment	**493,054**	**–**	**–**	**–**	**(9,452)**	**483,602**

For the year ended 31 March 2013

	Manufacture of watches and trading of watch movements	Property development	Property investment	Hotel operation	Unallocated	Consolidated
Capital additions	53,657,807	179,046	165,360,436	149,012	295,903	219,642,204
Depreciation of property, plan and equipment	(26,182,501)	(835,722)	(2,048,708)	(1,500)	(1,219,306)	(30,287,737)
Amortisation of prepaid lease payments	(327,245)	–	–	–	–	(327,245)
Impairment loss on property, plant and equipment recognised in other comprehensive income	–	–	–	–	(47,235,714)	(47,235,714)
Recovery of doubtful debts	2,098,859	–	–	–	–	2,098,859
Impairment loss recognised in respect of other receivables	(1,472,000)	–	–	–	–	(1,472,000)
Reversals of write-down of inventories	2,682,180	–	–	–	–	2,682,180
Increase/(decrease) in fair value of investment properties	(7,464,855)	–	13,450,601	24,855,624	–	30,841,370
Loss on disposal of property, plant and equipment	(63,089)	–	–	–	(3,248)	(66,337)

7. SEGMENT INFORMATION (Cont'd)

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	Year ended 31/03/2014	Year ended 31/03/2013
Watches and watch movements	**1,148,580,425**	1,147,902,149
Leasing of properties	**1,104,000**	1,204,316
Hotel operation	**21,629,456**	18,747,493
	1,171,313,881	1,167,853,958

Geographical information

The Group's main operations are located in Hong Kong and other regions in the People's Republic of China (the "PRC"), North America and Europe.

Information about the Group's revenue from external customers is presented based on the geographical location of the customers. Information about the Group's non-current assets is presented based on the geographical location of assets.

	Revenue from external customers		**Non-current assets**	
	Year ended 31/03/2014	Year ended 31/03/2013	**31/03/2014**	31/03/2013
Hong Kong and the PRC	**996,358,400**	1,002,143,715	**1,749,193,084**	1,379,547,651
North America	**61,157,531**	30,279,529	**12,612,795**	5,623,555
Europe	**77,559,818**	101,817,843	**—**	—
Others	**36,238,132**	33,612,871	**—**	—
	1,171,313,881	1,167,853,958	**1,761,805,879**	1,385,171,206

Note: Non-current assets excluded financial instruments.

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	Year ended 31/03/2014	Year ended 31/03/2013
Customer A	**382,792,908**	404,221,952
Customer B	**199,236,269**	176,699,368

All of the revenue above is generated from trading of watch movements.

8. OTHER INCOME AND GAINS

	Year ended 31/03/2014	Year ended 31/03/2013
Bank interest income	**4,208,391**	4,799,453
Interest income from held-to-maturity investments	**117,971**	100,540
Interest income on amounts due from associates	**426,721**	633,546
Recovery of doubtful debts	**—**	2,098,859
Customers' deposits forfeited	**—**	2,360,234
Gain on fair value changes of derivative financial instruments	**62,655**	—
Gain on fair value changes of investment held for trading	**—**	203,657
Gain on disposal of property, plant and equipment	**483,602**	—
Bargain purchase gain arising on acquisition of subsidiaries	**—**	5,657,431
Net foreign exchange gain	**—**	6,905,513
Sundry income	**972,147**	7,625,009
	6,271,487	30,384,242

9. FINANCE COSTS

	Year ended 31/03/2014	Year ended 31/03/2013
Interest on:		
Bank loans and overdrafts		
– wholly repayable within five years	**35,693,295**	22,501,613
– not wholly repayable within five years	**10,366,748**	10,631,228
Obligations under finance leases	**1,296,795**	323,974
Total borrowing costs	**47,356,838**	33,456,815
Less: Amounts capitalised to investment properties and properties under development	**(18,272,568)**	(9,244,232)
	29,084,270	24,212,583

Borrowing costs capitalised during the year are calculated by applying a capitalisation rate of 2.67% (Year ended 31 March 2013: 2.60%) per annum to expenditure on qualifying assets.

10. PROFIT BEFORE TAXATION

	Year ended 31/03/2014	Year ended 31/03/2013
		(Restated)
Profit before taxation has been arrived at after charging/(crediting):		
Staff costs including directors' emoluments	**145,351,778**	148,102,531
Depreciation of property, plant and equipment	**39,026,869**	30,287,737
Amortisation of prepaid lease payments	**328,350**	327,245
Auditors' remuneration	**1,997,260**	1,917,460
Cost of inventories recognised as an expense	**846,064,379**	844,139,403
Impairment loss recognised in respect of trade and other receivables (included in administrative expenses on consolidated statement of profit or loss)	**2,933,748**	1,472,000
Impairment loss recognised in respect of property, plant and equipment (included in administrative expenses on consolidated statement of profit or loss)	**25,400,000**	—
Loss on disposal of property, plant and equipment	**—**	66,337
Loss on fair value changes of investment held for trading	**25,543**	—
Loss on fair value changes of derivative financial instruments	**—**	860,616
Loss on deregistration of a subsidiary	**169,221**	—
Net foreign exchange loss	**9,994,008**	—
Minimum lease payments for operating leases in respect of land and buildings	**7,265,308**	8,172,042
Reversal of write-down of inventories	**(2,919,055)**	(2,682,180)
Gross rental income from investment properties	**19,038,733**	18,155,080
Less: Outgoings	**(1,408,294)**	(764,246)
Net rental income from investment properties	**17,630,439**	17,390,834

Minimum lease payments for operating leases in respect of staff quarters amounting to HK$5,451,489 (Year ended 31 March 2013: HK$5,303,841) are included in staff costs.

11. DIRECTORS' AND EMPLOYEES' REMUNERATION

(a) Directors' remuneration

	Mr. Jimmy Lee Yuen Ching	Mr. Loewe Lee Bon Chi	Mr. James Lee Yuen Kui	Mr. Edward Lee Yuen Cheor	Dr. Samson Sun, M.B.E.,J.P.	Mr. William Chan Chak Cheung	Ms. Dorathy Lee Yuen Yu	Mr. Chan Kwok Wai	Mr. Ricky Wai Kwong Yuen	Total
For the year ended 31 March 2014										
Fees	**50,000**	**50,000**	**50,000**	**50,000**	**480,000**	**360,000**	**50,000**	**360,000**	**50,000**	**1,500,000**
Other emoluments										
Salaries and other benefits	**17,929,378**	**13,702,200**	**11,556,250**	**4,895,261**	**–**	**–**	**–**	**–**	**3,198,000**	**51,281,089**
Retirement benefit scheme contributions	**15,000**	**15,000**	**15,000**	**15,000**	**–**	**–**	**–**	**–**	**15,000**	**75,000**
	17,994,378	**13,767,200**	**11,621,250**	**4,960,261**	**480,000**	**360,000**	**50,000**	**360,000**	**3,263,000**	**52,856,089**
For the year ended 31 March 2013										
Fees	50,000	50,000	50,000	50,000	480,000	360,000	50,000	360,000	50,000	1,500,000
Other emoluments										
Salaries and other benefits	17,943,375	13,724,000	13,952,000	5,212,066	–	–	–	–	3,121,500	53,952,941
Retirement benefit scheme contributions	14,500	14,500	14,500	14,500	–	–	–	–	14,500	72,500
	18,007,875	13,788,500	14,016,500	5,276,566	480,000	360,000	50,000	360,000	3,186,000	55,525,441

Besides above remuneration, five (Year ended 31 March 2013: four) of the Group's properties are provided to the directors as an accommodation. The rateable value of the properties is amounting to HK$3,504,834 (Year ended 31 March 2013: HK$3,246,720).

(b) Employees' emoluments

The five highest paid individuals in the Group in the years ended 31 March 2014 and 2013 were all directors of the Company and details of their emoluments are included in note (a) above.

12. INCOME TAX (CREDIT)/EXPENSE

	Year ended 31/03/2014	Year ended 31/03/2013
The charge comprises:		
Hong Kong Profits Tax		
Current year	**5,261,000**	6,781,787
Overprovision in prior years	**(4,371,873)**	(1,446,597)
	889,127	5,335,190
Other jurisdictions		
Current year	**13,513**	331,760
	902,640	5,666,950
Deferred tax (note 37)		
Current year	**(5,742,265)**	3,497,703
	(4,839,625)	9,164,653

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The taxation (credit)/charge for the year can be reconciled to profit before taxation per the consolidated statement profit or loss as follows:

	Year ended 31/03/2014	Year ended 31/03/2013
		(Restated)
Profit before taxation	**223,636,228**	305,630,006
Tax at Hong Kong Profits Tax rate of 16.5%	**36,899,978**	50,428,951
Tax effect of share of results of associates	**(18,366,525)**	(22,408,785)
Tax effect of expenses not deductible for tax purpose	**12,080,784**	7,693,731
Tax effect of income not taxable for tax purpose	**(34,628,120)**	(27,892,648)
Tax effect of tax losses not recognised	**5,898,940**	6,082,680
Tax effect of different tax rates of operations in other jurisdictions	**(1,090,954)**	(785,791)
Utilisation of tax losses previously not recognised	**(1,155,645)**	(3,688,424)
Overprovision in prior years	**(4,371,873)**	(1,446,597)
Tax effect of tax exemption (note)	**(72,311)**	(520,860)
Others	**(33,899)**	1,702,396
Taxation (credit)/charge for the year	**(4,839,625)**	9,164,653

Note: The assessable profits of certain subsidiaries are subject to Hong Kong Profits Tax on a 50: 50 apportionment basis.

13. DIVIDENDS

	Year ended 31/03/2014	Year ended 31/03/2013
Dividends recognised as distribution during the year		
2013 Final – 3.5 HK cents (2012: 3.5 HK cents) per share	**33,610,522**	34,224,492
2013 Special Cash – 2.0 HK cents (2012: 2.0 HK cents) per share	**19,206,013**	19,556,853
2014 Interim – 0.5 HK cents (2013: 0.5 HK cents) per share	**4,786,669**	4,889,219
	57,603,204	58,670,564

Subsequent to the end of the reporting period, a final dividend of 3.5 HK cents per share and a special cash dividend of 1.0 HK cent per share in respect of the year ended 31 March 2014 (Year ended 31 March 2013: A final dividend of 3.5 HK cents per share and a special cash dividend of 2.0 HK cents per share) have been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Year ended 31/03/2014	Year ended 31/03/2013
		(Restated)
Earnings		
Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	**228,475,853**	296,465,353
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**960,814,221**	977,413,634
Effect of dilutive potential ordinary shares:		
Share options	**5,589,078**	5,641,299
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**966,403,299**	983,054,933

15. INVESTMENT PROPERTIES

The Group

FAIR VALUE	
At 1 April 2012	768,596,000
Additions	166,274,911
Increase in fair value recognised in profit or loss	30,841,370
Transfer to property, plant and equipment	(320,000,000)
Exchange realignment	(712,281)
At 31 March 2013	645,000,000
Additions	46,774,950
Increase in fair value recognised in profit or loss	194,935,910
Exchange realignment	866,140
At 31 March 2014	**887,577,000**
Unrealised gain on property revaluation included in profit or loss	194,935,910

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties at 31 March 2014 and 2013 have been arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited ("DTZ") and Knight Frank Petty Limited ("Knight Frank"), independent qualified professional valuers not connected with the Group. The fair value of the Group's investment properties at the date of transfer to property, plant and equipment have been arrived at on the basis of a valuation carried out on that date by Savills Valuation and Professional Services Limited ("Savills"), independent qualified professional valuers not connected with the Group. DTZ, Knight Frank and Savills are members of the Hong Kong Institute of Surveyors and they have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The fair values of the completed investment properties were determined based on market comparison approach, where the values are assessed by reference to the comparable properties in close proximity and adjusted for differences in key attributes such as property size and location.

The fair values of the investment properties under construction located in Hong Kong was determined by using residual approach with the basis that the investment properties will be developed and completed in accordance with the latest development proposals and taken into account the construction costs that will be expended to complete the development to reflect the quality of the completed development.

The fair values of the investment properties under construction located in the PRC was determined by using depreciated replacement cost approach, which is based on an estimate of the market value for the existing use of the land plus the current gross replacement cost of improvements less allowances for physical deterioration and all relevant forms of obsolescence and optimisation.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

15. INVESTMENT PROPERTIES (Cont'd)

Details of the Group's investment properties and information about the fair value hierarchy as at 31March 2014 are as follows:

Investment properties	Fair value (HK$'000)	Fair value hierarchy	Valuation technique	Significant unobservable inputs
Commercial properties located in Hong Kong	563,100	Level 3	Market comparison approach	Adjusted average price per square foot, ranging from HK$15,448 to HK$27,357 (note (i))
Commercial properties under construction located in Hong Kong	297,000	Level 3	Residual approach	Adjusted average price per square foot of HK$15,695 (note (i)) Developer's profit and risk rate, taking into account of the progress of the properties of 1.5% (note (ii))
Industrial properties under construction located in the PRC	27,477	Level 3	Depreciated replacement cost approach	Estimated construction cost per square foot of HK$34 (note (iii))

Notes:

(i) The higher the adjusted average price per square foot is, the higher the fair value will be.

(ii) The higher the developer's profit and risk rate is, the lower the fair value will be.

(iii) The higher the estimated construction cost is, the higher the fair value will be.

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 during the year.

The Group's investment properties with carrying amount of HK$860,100,000 (31 March 2013: HK$617,500,000) have been pledged to secure banking facilities granted to the Group.

The carrying amounts of investment properties shown above comprise properties situated on:

	31/03/2014	31/03/2013
Land in Hong Kong:		
Long-term lease	**737,000,000**	491,000,000
Medium-term lease	**123,100,000**	126,500,000
Land outside Hong Kong:		
Medium-term lease	**27,477,000**	27,500,000
	887,577,000	645,000,000

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold land in Hong Kong	Buildings in Hong Kong	Freehold land and building outside Hong Kong	Buildings outside Hong Kong	Construction in progress	Leasehold improvements	Plant and machinery	Motor vehicles and yacht	Furniture, fixtures and office equipment	Antiques and pictures	Tools and moulds	Total
COST												
At 1 April 2012	137,275,260	22,588,428	5,141,593	52,951,265	1,121,262	30,750,099	75,128,302	32,619,284	88,140,093	15,058,128	92,920,380	553,694,094
Exchange realignment	–	–	(1,986)	49,600	14,090	9,578	20,417	10,037	(87,578)	–	–	14,158
Additions	14,300,000	3,037,736	–	4,650,784	–	1,034,046	230,578	16,838,190	2,565,357	1,679,080	9,031,522	53,367,293
Transfer from investment properties	305,000,000	15,000,000	–	–	–	–	–	–	–	–	–	320,000,000
Disposal	–	–	–	–	–	–	(3,735,867)	(382,966)	(68,404)	(92,800)	–	(4,280,037)
At 31 March 2013	456,575,260	40,626,164	5,139,607	57,651,649	1,135,352	31,793,723	71,643,430	49,084,545	90,549,468	16,644,408	101,951,902	922,795,508
Exchange realignment	–	–	(3,972)	3,062	1,182	(54,998)	1,712	7,168	(398,713)	–	–	(444,559)
Additions	–	–	–	–	8,057,762	1,415,763	1,017,079	49,894,657	9,789,333	257,616	10,122,136	80,554,346
Transfer from/(to)	–	–	–	(48,341,828)	48,341,828	–	–	–	–	–	–	–
Disposal	–	–	–	–	–	–	(3,106,870)	(3,555,573)	(10,671,508)	–	–	(17,333,951)
At 31 March 2014	**456,575,260**	**40,626,164**	**5,135,635**	**9,312,883**	**57,536,124**	**33,154,488**	**69,555,351**	**95,430,797**	**89,268,580**	**16,902,024**	**112,074,038**	**985,571,344**
DEPRECIATION AND IMPAIRMENT												
At 1 April 2012	6,218,787	5,335,542	1,961,087	2,764,723	–	29,621,477	71,947,949	25,467,915	68,331,110	6,930,541	78,769,083	297,348,214
Exchange realignment	–	–	94,430	5,055	–	9,657	16,500	10,037	(47,123)	–	–	88,556
Provided for the year	5,208,411	662,523	13,241	186,204	–	267,402	2,203,064	4,571,884	5,921,095	1,245,744	10,008,169	30,287,737
Impairment loss recognised in other comprehensive income	45,024,581	2,211,133	–	–	–	–	–	–	–	–	–	47,235,714
Eliminated on disposals	–	–	–	–	–	–	(3,735,867)	(382,966)	(65,156)	(29,711)	–	(4,213,700)
At 31 March 2013	56,451,779	8,209,198	2,068,758	2,955,982	–	29,898,536	70,431,646	29,666,870	74,139,926	8,146,574	88,777,252	370,746,521
Exchange realignment	–	–	(1,843)	(1,467)	–	(54,987)	(953)	7,168	(221,211)	–	–	(273,293)
Provided for the year	7,122,923	765,300	172,866	188,499	–	342,592	2,175,711	10,693,203	6,409,562	1,350,025	9,806,188	39,026,869
Impairment loss recognised in profit or loss	–	–	–	–	25,400,000	–	–	–	–	–	–	25,400,000
Eliminated on disposals	–	–	–	–	–	–	(3,106,871)	(3,555,573)	(10,662,055)	–	–	(17,324,499)
At 31 March 2014	**63,574,702**	**8,974,498**	**2,239,781**	**3,143,014**	**25,400,000**	**30,186,141**	**69,499,533**	**36,811,668**	**69,666,222**	**9,496,599**	**98,583,440**	**417,575,598**
CARRYING VALUES												
At 31 March 2014	**393,000,558**	**31,651,666**	**2,895,854**	**6,169,869**	**32,136,124**	**2,968,347**	**55,818**	**58,619,129**	**19,602,358**	**7,405,425**	**13,490,598**	**567,995,746**
At 31 March 2013	400,123,481	32,416,966	3,070,849	54,695,667	1,135,352	1,895,187	1,211,784	19,417,675	16,409,542	8,497,834	13,174,650	552,048,987

16. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The above items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis after taking into account of their estimated residual values at the following rates per annum:

Category of assets	Estimated useful lives
Freehold land	Indefinite
Leasehold land and buildings	Over the shorter of the terms of leases, or 50 years
Leasehold improvements	$14^1/_3$% - $33^1/_3$%
Plant and machinery	25%
Motor vehicles and yacht	10% - 25%
Furniture, fixtures and office equipment	$14^1/_3$% - 25%
Antiques and pictures	10%
Tools and moulds	15% - $33^1/_3$%

During the year, the directors conducted a review of the Group's construction in progress in the PRC and determined that certain of those assets were impaired, due to suspension of construction. Accordingly, impairment loss of HK$25,400,000 has been recognised in respect of construction in progress, which is unallocated corporate asset. The recoverable amount of the relevant asset has been determined based on fair value less cost to sell on the basis of an arm's length market transaction.

The carrying value of leasehold land comprises:

	31/03/2014	31/03/2013
Leasehold land in Hong Kong:		
Long-term lease	**279,576,073**	284,302,015
Medium-term lease	**113,424,485**	115,821,466
	393,000,558	400,123,481

The carrying values of property, plant and equipment held under finance leases are as follows:

	31/03/2014	31/03/2013
Motor vehicles and yacht	**48,256,486**	6,782,001
Furniture, fixtures and office equipment	**487,251**	848,544
	48,743,737	7,630,545

The Group has pledged leasehold land and buildings with a net book value of HK$424,652,224 (31 March 2013: HK$432,540,447) to secure general banking facilities granted to the Group.

17. PREPAID LEASE PAYMENTS

The Group	31/03/2014	31/03/2013
Analysed for reporting purposes as:		
Non-current assets	**14,031,651**	14,348,251
Current assets	**326,332**	325,911
	14,357,983	14,674,162

The Group's prepaid lease payments comprise:

	31/03/2014	31/03/2013
Leasehold land in PRC held under:		
Medium-term lease	**14,357,983**	14,674,162

18. GOODWILL

The Group

COST	
At 1 April 2012, 31 March 2013 and 2014	678,126
IMPAIRMENT	
At 1 April 2012, 31 March 2013 and 2014	—
CARRYING VALUES	
At 31 March 2014	**678,126**
At 31 March 2013	678,126

For the purposes of impairment testing, goodwill has been allocated to an individual cash generating unit (CGU) in the hotel operation segment.

During the years ended 31 March 2014 and 2013, management of the Group determines that there are no impairments of its CGU containing goodwill.

The basis of the recoverable amounts of the above CGU and their major underlying assumptions are summarised below:

The recoverable amount of the above CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 17.02% (31 March 2013: 15.09%). The CGU's cash flows beyond the 5-year period are extrapolated using a steady 3% (31 March 2013: 3%) growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted revenue, such estimation is based on the CGU's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the CGU to exceed the recoverable amount of CGU.

19. INTERESTS IN SUBSIDIARIES

The Company	**31/03/2014**	31/03/2013
Unlisted, at cost	**523,978,432**	507,943,193

Particulars of the Company's principal subsidiaries at the end of the reporting period are shown in note 49.

20. INTERESTS IN ASSOCIATES

The Group	**31/03/2014**	31/03/2013
Cost of investment in unlisted associates	**143,293,388**	143,293,388
Share of post-acquisition profits and other comprehensive income, net of dividends received	**141,114,730**	29,802,454
	284,408,118	173,095,842

The amounts due from/to associates are unsecured, interest-free and repayable on demand.

Particulars of the Group's associates at the end of the reporting period are as follows:

Name of associate	Form of business structure	Place of incorporation/ operation	Proportion of nominal value of issued share capital held by the Group 31/03/2014	31/03/2013	Principal activity
Eden Bay Corporation ("Eden Bay")	Incorporated	British Virgin Islands/ Hong Kong	**20%**	20%	Investment holding
Smart Plus Group Limited ("Smart Plus")	Incorporated	British Virgin Islands/ Hong Kong	**27%**	27%	Property development and investment
Ally Vantage Limited ("Ally Vantage")	Incorporated	British Virgin Islands/ Hong Kong	**27%**	27%	Property development and investment
Mercato Group Limited ("Mercato")	Incorporated	British Virgin Islands/ Hong Kong	**39.5%**	39.5%	Property development and investment

20. INTERESTS IN ASSOCIATES (Cont'd)

Summarised financial information of material associates

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

All of these associates are accounted for using the equity method in these consolidated financial statements.

Ally Vantage	**31/03/2014**	31/03/2013
Current assets	**20,574,898**	19,863,226
Non-current assets	**635,178,387**	500,036,832
Current liabilities	**36,892,203**	83,384,469
Non-current liabilities	**268,015,501**	229,277,201

	Year ended 31/03/2014	Year ended 31/03/2013
Revenue	**29,028,435**	3,337,821
Profit from continuing operations	**143,607,193**	9,551,794
Post-tax profit from discontinued operations	**—**	—
Profit for the year	**143,607,193**	9,551,794
Other comprehensive income for the year	**—**	—
Total comprehensive income for the year	**143,607,193**	9,551,794
Dividends received from the associate during the year	**—**	—

20. INTERESTS IN ASSOCIATES (Cont'd)

Summarised financial information of material associates (Cont'd)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Ally Vantage recognised in the consolidated financial statements:

	31/03/2014	31/03/2013
Net assets of Ally Vantage	**350,845,581**	207,238,388
Proportion of the Group's ownership interest in Ally Vantage	**27%**	27%
	94,728,307	55,954,365
Goodwill	**5,916,650**	5,916,650
Carrying amount of the Group's interest in Ally Vantage	**100,644,957**	61,871,015

Mercato	**31/03/2014**	31/03/2013
Current assets	**13,663,355**	19,696,657
Non-current assets	**400,018,298**	305,024,422
Current liabilities	**35,201,915**	65,662,399
Non-current liabilities	**168,000,000**	147,115,385

	Year ended 31/03/2014	Year ended 31/03/2013
Revenue	**17,296,618**	6,576,052
Profit from continuing operations	**98,536,443**	12,224,511
Post-tax profit from discontinued operations	**—**	—
Profit for the year	**98,536,443**	12,224,511
Other comprehensive income for the year	**—**	—
Total comprehensive income for the year	**98,536,443**	12,224,511
Dividends received from the associate during the year	**—**	—

20. INTERESTS IN ASSOCIATES (Cont'd)

Summarised financial information of material associates (Cont'd)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Mercato recognised in the consolidated financial statements:

	31/03/2014	31/03/2013
Net assets of Mercato	**210,479,738**	111,943,295
Proportion of the Group's ownership interest in Mercato	**39.5%**	39.5%
	83,139,496	44,217,601
Goodwill	**13,618,325**	13,618,325
Carrying amount of the Group's interest in Mercato	**96,757,821**	57,835,926

Smart Plus	31/03/2014	31/03/2013
Current assets	**31,718,398**	28,567,826
Non-current assets	**510,020,926**	390,031,564
Current liabilities	**20,014,689**	20,539,583
Non-current liabilities	**228,000,000**	228,000,000

	Year ended 31/03/2014	Year ended 31/03/2013
Revenue	**25,234,314**	14,735,514
Profit from continuing operations	**123,664,828**	3,920,138
Post-tax profit from discontinued operations	**—**	—
Profit for the year	**123,664,828**	3,920,138
Other comprehensive income for the year	**—**	—
Total comprehensive income for the year	**123,664,828**	3,920,138
Dividends received from the associate during the year	**—**	—

20. INTERESTS IN ASSOCIATES (Cont'd)

Summarised financial information of material associates (Cont'd)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Smart Plus recognised in the consolidated financial statements:

	31/03/2014	31/03/2013
Net assets of Smart Plus	**293,724,635**	170,059,807
Proportion of the Group's ownership interest in Smart Plus	**27%**	27%
	79,305,651	45,916,147
Goodwill	**129,111**	129,111
Carrying amount of the Group's interest in Smart Plus	**79,434,762**	46,045,258

Aggregate information of associates that are not individually material

	Year ended 31/03/2014	Year ended 31/03/2013
The Group's share of profit from continuing operations	**226,935**	131,629,317
The Group's share of post-tax profit from discontinued operations	**–**	–
The Group's share of other comprehensive income	**–**	–
The Group's share of total comprehensive income	**226,935**	131,629,317
Aggregate carrying amount of the Group's interests in these associates	**7,570,578**	7,343,643

21. INTERESTS IN JOINT VENTURES

The Group	31/03/2014	31/03/2013
Cost of unlisted investment in joint venture	8	8
Share of post-acquisition losses and other comprehensive income	(8)	(8)
	–	–

The amounts due from joint ventures are unsecured, interest-free and repayable on demand.

Particulars of the Group's joint venture at the end of the reporting period are as follows:

Name of joint venture	Form of business structure	Place of incorporation/ operation	Proportion of nominal value of issued share capital held by the Group 31/03/2014	31/03/2013	Principal activity
Harvest Sun Holdings Limited ("Harvest Sun")	Incorporated	British Virgin Islands/Hong Kong	50%	50%	Property investment

Summarised financial information of a joint venture

Summarised financial information in respect of each of the Group's joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

The joint venture is accounted for using the equity method in these consolidated financial statements.

	31/03/2014	31/03/2013
Current assets	9,188,578	1,659,486
Non-current assets	63,762,007	46,679,936
Current liabilities	42,604,816	31,966,456
Non-current liabilities	41,874,139	27,362,880

21. INTERESTS IN JOINT VENTURES (Cont'd)

Summarised financial information of a joint venture (Cont'd)

The above amounts of assets and liabilities include the following:

	31/03/2014	31/03/2013
Cash and cash equivalents	**7,156,375**	1,560,805
Current financial liabilities (excluding trade and other payables and provisions)	**42,604,816**	31,943,654
Non-current financial liabilities (excluding trade and other payables and provisions)	**41,874,139**	27,362,880

	Year ended 31/03/2014	Year ended 31/03/2013
Revenue	**—**	—
Loss from continuing operations	**(11,654,457)**	(7,176,177)
Post-tax profit from discontinued operations	**—**	—
Loss for the year	**(11,654,457)**	(7,176,177)
Other comprehensive income/(expense)	**11,116,002**	(480,845)
Total comprehensive income/(expense) for the year	**(538,455)**	(7,657,022)
Dividends received from Harvest Sun during the year	**—**	—
The above loss for the year include the following:		
Depreciation and amortisation	**—**	—
Interest income	**513**	13
Interest expense	**—**	—
Income tax expense	**—**	—

21. INTERESTS IN JOINT VENTURES (Cont'd)

Summarised financial information of a joint venture (Cont'd)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Harvest Sun recognised in the consolidated financial statements:

	31/03/2014	31/03/2013
Net liabilities of Harvest Sun	**(11,528,370)**	(10,989,914)
Proportion of the Group's ownership interest in Harvest Sun	**50%**	50%
	(5,764,185)	(5,494,957)
Cumulative share of loss	**11,518,017**	5,690,788
Cumulative share of other comprehensive income	**(5,753,832)**	(195,831)
Carrying amount of the Group's interest in Harvest Sun	**—**	—

The Group has discontinued recognition of its share of loss of a joint venture. The amounts of unrecognised share of this joint venture, both for the year and cumulatively, are as follows:

	Year ended 31/03/2014	Year ended 31/03/2013
Unrecognised share of loss of a joint venture for the year	**5,827,229**	3,588,088
Cumulative share of loss of a joint venture	**11,518,017**	5,690,788

22. AVAILABLE-FOR-SALE INVESTMENTS

	Group		**Company**	
	31/03/2014	31/03/2013	**31/03/2014**	31/03/2013
Club debentures	**22,250,000**	21,230,000	**2,000,000**	2,000,000

At the end of the reporting period, all available-for-sale investments are stated at fair value. Fair values of those investments have been determined by reference to market prices in secondary markets.

23. HELD-TO-MATURITY INVESTMENTS

The amount represents unlisted bond denominated in RMB with fixed coupon interests of 1.6% per annum and matured on 6 September 2013.

24. INVENTORIES

The Group	31/03/2014	31/03/2013
Raw materials and consumables	**44,073,883**	44,268,511
Work in progress	**16,825,369**	13,352,622
Finished goods	**68,516,240**	75,808,105
	129,415,492	133,429,238

A reversal of write-down of inventories of HK$2,919,055 (Year ended 31 March 2013: HK$2,682,180) has been recognised and included in cost of sales in the current year.

25. INVESTMENT HELD FOR TRADING

The Group	31/03/2014	31/03/2013
Listed securities:		
– Equity securities listed in Hong Kong	**408,460**	—
– Debt securities listed in Austria (note)	**3,891,065**	4,058,346
	4,299,525	4,058,346

Note: The investment in the debt securities listed in Austria with fixed interest rate of 5% and maturity date on 19 May 2014.

The fair value of the held for trading investment is determined based on quoted market bid price available on the relevant stock exchange.

26. PROPERTIES UNDER DEVELOPMENT FOR SALE

Included in properties under development for sale an amount of HK$1,256,445,748 (31 March 2013: HK$1,183,576,472) will be realised after twelve months from the end of the reporting period.

27. AMOUNT DUE FROM/TO A SUBSIDIARY

The amount due from/to a subsidiary is unsecured, interest-free and has no fixed terms of repayment.

28. BILLS RECEIVABLES, TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

Bills receivables with full recourse of HK$1,288,962 (31 March 2013: HK$1,562,246) which are aged within 30 days.

The Group	31/03/2014	31/03/2013
Trade receivables	**82,944,465**	61,171,034
Less: allowance for doubtful debts	**(6,065,530)**	(6,064,596)
	76,878,935	55,106,438
Deposits and prepayments	**54,965,188**	38,406,299
Advance payment to suppliers	**6,848,451**	11,693,360
Other receivables	**16,456,480**	30,969,476
Total trade receivable, deposits and prepayments	**155,149,054**	136,175,573

The Group has a policy of allowing an average credit period of 30 days to its trade customers. The following is an ageing analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period.

The Group	31/03/2014	31/03/2013
Within 30 days	**58,108,425**	44,660,197
31 to 90 days	**10,100,448**	4,940,440
91 to 180 days	**5,582,053**	4,496,135
Over 180 days	**3,088,009**	1,009,666
	76,878,935	55,106,438

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed annually. 76% (31 March 2013: 81%) of the trade receivables that are neither past due nor impaired have the best credit quality with reference to respective settlement history.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$18,770,510 (31 March 2013: HK$10,446,241) which are past due as at the end of the reporting period for which the Group has not provided for impairment loss as the balances are still considered recoverable. The Group does not hold any collateral over these balances.

28. BILLS RECEIVABLES, TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS (Cont'd)

Ageing of trade receivables which are past due but not impaired

The Group	31/03/2014	31/03/2013
31 to 90 days	**10,100,448**	4,940,440
91 to 180 days	**5,582,053**	4,496,135
Over 180 days	**3,088,009**	1,009,666
	18,770,510	10,446,241

Movement in the allowance for doubtful debts

The Group	Year ended 31/03/2014	Year ended 31/03/2013
At beginning of year	**6,064,596**	8,163,455
Impairment losses recognised on receivables	**1,989**	—
Amounts recovered during the year	**—**	(2,098,859)
Exchange difference	**(1,055)**	—
At end of year	**6,065,530**	6,064,596

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$6,065,530 (31 March 2013: HK$6,064,596) which were past due and generally not recoverable. The Group does not hold any collateral over these balances.

Ageing of impaired trade receivables

The Group	31/03/2014	31/03/2013
Over 180 days	**6,065,530**	6,064,596

29. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The bank balances carry interest rates ranging from 0.001% to 3.20% (31 March 2013: 0.001% to 3.25%) per annum.

30. BILLS PAYABLES, TRADE PAYABLES, CUSTOMERS' DEPOSITS AND ACCRUED EXPENSES

Included in bills payables, trade payables, customers' deposits and accrued expenses are trade and bills payables of HK$115,829,834 (31 March 2013: HK$121,061,169) with an ageing analysis as follows:

The Group	31/03/2014	31/03/2013
Within 30 days	**76,083,651**	67,927,801
31 to 90 days	**31,312,016**	38,178,838
91 to 180 days	**4,218,803**	5,656,316
Over 180 days	**4,215,364**	9,298,214
	115,829,834	121,061,169

The average credit period on purchases is 30 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

31. DERIVATIVE FINANCIAL INSTRUMENTS

	Current		Non-current	
The Group	**31/03/2014**	31/03/2013	**31/03/2014**	31/03/2013
Derivatives under hedge accounting				
Cash flow hedges – interest rate swaps	**–**	912,925	**–**	–
Derivatives not under hedge accounting				
Foreign currency forward contracts	**1,179,294**	–	**–**	81,333
Interest rate swaps	**–**	2,145,636	**–**	–
	1,179,294	2,145,636	**–**	81,333
Total	**1,179,294**	3,058,561	**–**	81,333

The fair values of the above derivative financial instruments are calculated using discounted cash flow analysis based on the applicable yield curves of interest rates and foreign exchange rates as determined by the counterparties.

31. DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

Cash flow hedges:

The Group uses interest rate swap to minimise its exposure to cash flow interest rate risk by swapping a proportion of the variable-rate borrowings from floating rates to fixed rates. The interest rate swap and the corresponding bank loan have the same terms and the directors of the Company consider that the interest rate swap is highly effective hedging instruments. Major terms of the interest rate swap are set out below:

31 March 2013

Notional amount	Maturity	Swaps
HK$288,000,000	18 June 2013	From HIBOR to 1.64%

At 31 March 2013, fair value gain of HK$2,636,272 have been recognised in other comprehensive income and accumulated in equity.

Derivatives not under hedge accounting

Major terms of the foreign currency forward contracts are as follows:

31 March 2014

Notional amount	**Maturity**	**Exchange rate**
Buy USD500,000/USD1,000,000	**Ranging from 12 December 2013 to 12 November 2014**	**USD 1 = JPY105[1] (on or before 12 May 2014)** **USD 1 = JPY100[2] (after 12 May 2014)**

31 March 2013

Notional amount	Maturity	Exchange rate
Buy USD500,000/USD1,000,000[3]	29 October 2014[4]	USD 1 = HKD7.73

1 If JPY/USD mid rate as at the expiry time is greater than or equal to 110.01, buy USD1,000,000 at JPY/USD rate of 105.00;
If JPY/USD mid rate as at the expiry time is greater than 105.00 but less than 110.01, no settlement; or
If JPY/USD mid rate as at the expiry time is less than or equal to 105.00, buy USD500,000 at JPY/USD rate of 105.00.

2 If JPY/USD mid rate as at the expiry time is greater than or equal to 105.01, buy USD1,000,000 at JPY/USD rate of 100.00;
If JPY/USD mid rate as at the expiry time is greater than 100.00 but less than 105.01, no settlement; or
If JPY/USD mid rate as at the expiry time is less than or equal to 100.00, buy USD500,000 at JPY/USD rate of 100.00.

3 If settlement rate is equal to or higher than the forward rate, buy USD500,000; or
If settlement rate is lower than the forward rate, buy USD1,000,000

4 These contracts ended on 29 January 2014 when the knock out event has occurred.

Major terms of the interest rate swaps are as follows:

31 March 2013

Notional amount	Maturity	Swaps
HK$50,000,000	14 April 2013	From 3 month HIBOR to 3.47%
HK$30,000,000	16 April 2013	From 3 month HIBOR to 3.10%
HK$30,000,000	20 April 2013	From 3 month HIBOR to 3.68%
HK$50,000,000	29 April 2013	From 3 month HIBOR to 3.62%
HK$50,000,000	06 May 2013	From 3 month HIBOR to 3.92%
HK$75,000,000	05 June 2013	From 3 month HIBOR to specific rate of 4.00%[1]

1 If floating rate is less than specific rate, fixed at 2.95%; or
If floating rate is greater than or equal to specific rate, fixed at floating rate – 0.30%

32. OBLIGATIONS UNDER FINANCE LEASES

The Group	31/03/2014	31/03/2013
Analysed for reporting purposes as:		
Current liabilities	6,041,458	3,319,946
Non-current liabilities	33,296,021	3,378,010
	39,337,479	6,697,956

It is the Group's policy to lease certain of its office equipment, motor vehicles and yacht under finance leases. The leases term are for 3 to 10 years (31 March 2013: 3 to 5 years). Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 1.35% to 4% (31 March 2013: 1.35% to 4%) per annum. All the leases were denominated in HKD. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

	Minimum lease payments		Present value of minimum lease payments	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
Amounts payable under finance leases:				
Within one year	7,533,491	3,503,574	6,041,458	3,319,946
In the second to fifth years inclusive	21,243,006	3,472,717	17,097,308	3,378,010
In more than five years	17,681,322	—	16,198,713	—
	46,457,819	6,976,291	39,337,479	6,697,956
Less: Future finance charges	(7,120,340)	(278,335)	—	—
Present value of lease obligations	39,337,479	6,697,956	39,337,479	6,697,956
Less: Amount due for settlement within 12 months (shown under current liabilities)			(6,041,458)	(3,319,946)
Amount due for settlement after 12 months			33,296,021	3,378,010

The Group's obligations under finance leases are secured by the lessors' charge over the leased assets.

33. BANK LOANS

The Group	31/03/2014	31/03/2013
Secured bank loans	**1,502,596,310**	1,277,641,702
Unsecured bank loans	**376,658,832**	309,356,170
	1,879,255,142	1,586,997,872
Carrying amount repayable:		
On demand or within one year	**450,939,302**	510,786,792
More than one year, but not exceeding two years	**658,506,375**	22,733,592
More than two years, but not exceeding five years	**513,702,254**	775,917,980
More than five years	**256,107,211**	277,559,508
	1,879,255,142	1,586,997,872
Less: Amounts due within one year shown under current liabilities	**(450,939,302)**	(510,786,792)
Amounts shown under non-current liabilities	**1,428,315,840**	1,076,211,080

Bank loans denominated in currencies other than the functional currency of the relevant group companies analysed as:

	31/03/2014	31/03/2013
USD	**196,569,027**	140,789,470
JPY	**71,850,749**	121,273,100

All the Group's borrowings are variable-rate borrowings which carry interest at HIBOR or LIBOR plus certain basis points and subject to cash flow interest rate risk. Interest is repricing every month and the range of interest rates is at 2.08% to 4.5% (31 March 2013: 2.08% to 3.43%) per annum.

34. SHARE CAPITAL

	Number of shares		Amount	
	Year ended 31/03/2014	Year ended 31/03/2013	**Year ended 31/03/2014**	Year ended 31/03/2013
Ordinary shares of HK$0.1 each				
Authorised:				
At beginning of the year and at end of the year	**1,500,000,000**	1,500,000,000	**150,000,000**	150,000,000
Issued and fully paid:				
At beginning of the year	**976,562,511**	977,542,511	**97,656,251**	97,754,251
Issued of shares	**—**	300,000	**—**	30,000
Cancelled on repurchase of shares	**(36,156,000)**	(1,280,000)	**(3,615,600)**	(128,000)
At end of the year	**940,406,511**	976,562,511	**94,040,651**	97,656,251

During the year, the Company repurchased certain of its own shares on The Stock Exchange of Hong Kong Limited.

These repurchased shares were cancelled upon repurchase and, accordingly, the issued share capital of the Company was reduced by the nominal value of these shares with a corresponding increase in the capital redemption reserve. The premium paid on repurchase was charged to retained profits.

Month of repurchase	Number of shares	Price per share Highest	Price per share Lowest	Aggregate consideration paid (including expenses)
June 2013	980,000	1.02	1.01	1,002,500
July 2013	15,282,000	1.02	1.01	15,600,353
September 2013	2,110,000	0.98	0.97	2,064,119
October 2013	758,000	0.98	0.96	736,249
November 2013	100,000	0.94	0.93	94,196
December 2013	3,546,000	0.93	0.89	3,220,979
January 2014	5,306,000	0.90	0.89	4,792,522
February 2014	1,622,000	0.90	0.90	1,465,027
March 2014	6,452,000	0.90	0.88	5,826,437
	36,156,000			34,802,382

35. RESERVES

The Company	Share premium	Contributed surplus	Capital redemption reserve	Share option reserve	Retained profits	Total
At 1 April 2012	32,913,433	90,854,039	33,047,240	2,900,000	10,891,751	170,606,463
Profit for the year	–	–	–	–	53,604,526	53,604,526
Exercise of share options	264,740	–	–	(66,740)	–	198,000
Dividends paid	–	–	–	–	(58,670,564)	(58,670,564)
Repurchase of own shares	–	–	128,000	–	(1,309,272)	(1,181,272)
At 31 March 2013	33,178,173	90,854,039	33,175,240	2,833,260	4,516,441	164,557,153
Profit for the year	–	–	–	–	174,322,595	174,322,595
Dividends paid	–	–	–	–	(57,603,204)	(57,603,204)
Repurchase of own shares	–	–	3,615,600	–	(34,802,382)	(31,186,782)
At 31 March 2014	**33,178,173**	**90,854,039**	**36,790,840**	**2,833,260**	**86,433,450**	**250,089,762**

Under the Companies Act 1981 of Bermuda, the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than its liabilities.

At 31 March 2014, the Company has distributable reserves by considering the aggregate balance of reserve available for distribution of HK$177,287,489 (31 March 2013: HK$95,370,480), including contributed surplus of HK$90,854,039 (31 March 2013: HK$90,854,039) and retained profits of HK$86,433,450 (31 March 2013: HK$4,516,441).

36. PROVISION FOR LONG SERVICE PAYMENTS

Under the Hong Kong Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employee's final salary and years of service, and is reduced by entitlements accrued under the Group's retirement plan that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations.

The most recent actuarial valuation of the present value of the obligations under long service payments was carried out at 31 March 2014 by Mr. Joseph Yip of Towers Watson Hong Kong Limited, who is a Fellow of the Society of Actuaries. The present value of the obligations under long service payments and the related current service cost were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	31/03/2014	31/03/2013
Discount rate	**1.4%**	0.4%
Expected rate of salary increase	**4.0%**	3.5%
Expected rate of return on MPF balances	**5.5%**	5.5%
Expected rate of increases to long service payment maximum amount and maximum MPF relevant income	**3.0%**	3.0%

Amounts recognised in comprehensive income in respect of the obligations under long service payments are as follows:

	Year ended 31/03/2014	Year ended 31/03/2013
		(Restated)
Current service cost	**2,793**	787
Interest cost	**25,049**	26,521
Components of defined benefit costs recognised in profit or loss	**27,842**	27,308
Remeasurement on the net defined benefit liability:		
– Actuarial gains arising from experience adjustments	**(676,386)**	(668,607)
– Actuarial (gains)/losses arising from changes in financial assumptions	**(181,550)**	460,842
– Actuarial gains arising from changes in demographic assumptions	**–**	(1,492)
Components of defined benefit income recognised in other comprehensive income	**(857,936)**	(209,257)
Total	**(830,094)**	(181,949)

36. PROVISION FOR LONG SERVICE PAYMENTS (Cont'd)

The amounts included in the consolidated statement of financial position arising from the Group's obligations under long service payments are as follows:

	31/03/2014	31/03/2013	01/04/2012
		(Restated)	(Restated)
Present value of the obligations under long service payments	**5,869,637**	6,731,245	7,263,353
Obligations under long service payments included in the consolidated statement of financial position	**5,869,637**	6,731,245	7,263,353

Movements in the present value of the defined benefit obligations in the current year were as follows:

	Year ended 31/03/2014	Year ended 31/03/2013
At beginning of year	**6,731,245**	7,263,353
Current service cost	**2,793**	787
Interest cost	**25,049**	26,521
Remeasurement (gains)/losses:		
– Actuarial gains arising from experience adjustments	**(676,386)**	(668,607)
– Actuarial (gains)/losses arising from changes in financial assumptions	**(181,550)**	460,842
– Actuarial gains arising from changes in demographic assumptions	**—**	(1,492)
Benefits paid	**(31,514)**	(350,159)
At end of year	**5,869,637**	6,731,245

36. PROVISION FOR LONG SERVICE PAYMENTS (Cont'd)

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected rate of salary increase, expected return on MPF balances and expected rate of increases to long service payment maximum amount and maximum MPF relevant income. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 25 basis points higher (lower), the defined benefit obligation would decrease by HK$63,829 (increase by HK$65,361).

- If the expected rate of salary increase is 25 basis points higher (lower), the defined benefit obligation would increase by HK$45,929 (decrease by HK$42,428).

- If the expected rate of return on MPF balances is 25 basis points higher (lower), the defined benefit obligation would decrease by HK$118,393 (increase by HK$126,218).

- If the expected rate of increases to long service payment maximum amount and maximum MPF relevant income is 25 basis points higher (lower), the defined benefit obligation would increase by HK$149,676 (decrease by HK$138,734).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the consolidated statement of financial position.

The weighted average duration of the defined benefit obligation as at 31 March 2014 is 4 years.

The expected defined benefit costs during the next financial year is HK$73,365.

37. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

The Group	**31/03/2014**	31/03/2013
Deferred tax assets	**7,115,238**	—
Deferred tax liabilities	**(76,603,542)**	(75,170,761)
	(69,488,304)	(75,170,761)

37. DEFERRED TAXATION (Cont'd)

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

The Group	Accelerated tax depreciation	Revaluation of properties	Revaluation of investment properties	Tax losses	Total
At 1 April 2012	9,006,134	15,136,800	5,356,685	(7,885,067)	21,614,552
Charge/(credit) to profit or loss for the year	7,407,599	–	(1,866,214)	(2,043,682)	3,497,703
Credit to other comprehensive income for the year	–	(7,793,893)	–	–	(7,793,893)
Acquisition of subsidiaries	–	57,852,399	–	–	57,852,399
At 31 March 2013	16,413,733	65,195,306	3,490,471	(9,928,749)	75,170,761
Charge/(credit) to profit or loss for the year	2,840,890	–	(224,543)	(8,358,612)	(5,742,265)
Exchange differences	–	–	–	59,808	59,808
At 31 March 2014	**19,254,623**	**65,195,306**	**3,265,928**	**(18,227,553)**	**69,488,304**

At the end of the reporting period, the Group has unused tax losses of approximately HK$501,033,000 (31 March 2013: HK$449,057,000) available for offset against future profits. A deferred tax asset of HK$18,227,553 (31 March 2013: HK$9,928,749) has been recognised in respect of approximately HK$97,998,000 (31 March 2013: HK$59,553,000) of such losses.

No deferred tax asset has been recognised in respect of the remaining approximately HK$403,035,000 (31 March 2013: HK$389,504,000) of such losses due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of approximately HK$948,000 (31 March 2013: HK$2,199,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of the PRC subsidiaries for which deferred tax liabilities have not been recognised was approximately HK$8,551,000 (31 March 2013: HK$10,125,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reserve in the foreseeable future.

38. FINANCIAL GUARANTEE CONTRACTS

	Group		Company	
	31/03/2014	31/03/2013	**31/03/2014**	31/03/2013
Guarantees given to banks in respect of banking facilities to:				
– subsidiaries (note (i))	**–**	–	**2,499,075,500**	2,174,493,263
– associates (note (ii))	**99,460,000**	90,000,000	**99,460,000**	90,000,000
Other guarantees (note (iii))	**621,000**	621,000	**–**	–
	100,081,000	90,621,000	**2,598,535,500**	2,264,493,263

Notes:

(i) At 31 March 2014, the Company issued financial guarantees to banks in respect of banking facilities granted to subsidiaries. The aggregate amounts that could be required to be paid if the guarantees were called upon in entirety amounted to HK$2,499,075,500 (31 March 2013: HK$2,174,493,263), of which HK$1,206,962,732 (31 March 2013: HK$913,846,027) has been utilised by the subsidiaries. As at the end of the reporting period, an amount of HK$92,453,412 (31 March 2013: HK$101,832,302) has been recognised in the statement of financial position as liabilities.

(ii) At 31 March 2014, the Company issued financial guarantees to banks in respect of banking facilities granted to associates. The aggregate amounts that could be required to be paid if the guarantees were called upon in entirety amounted to HK$99,460,000 (31 March 2013: HK$90,000,000), of which HK$99,460,000 (31 March 2013: HK$90,000,000) has been utilised by the associates. The fair values of the financial guarantees at initial recognition are not significant and therefore the directors are of the opinion that no provision for financial guarantees should be made.

(iii) The fair values of the financial guarantees at initial recognition are not significant and therefore the directors are of the opinion that no provision for financial guarantees should be made.

39. CAPITAL COMMITMENTS

The Group	**31/03/2014**	31/03/2013
Contracted for but not provided:		
Construction of properties	**33,086,661**	59,393,043
Acquisition of property, plant and equipment	**2,011,459**	38,390,400
	35,098,120	97,783,443

40. OPERATING LEASE ARRANGEMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	31/03/2014	31/03/2013
Within one year	**11,764,323**	15,073,036
In the second to fifth year inclusive	**22,622,380**	25,590,071
Over five years	**6,508,937**	6,713,050
	40,895,640	47,376,157

Operating lease payments represent rentals payable by the Group for certain of its office premises, staff quarters and factories. Leases for office premises, staff quarters and factories are negotiated for an average term of 3 years with fixed rentals.

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	31/03/2014	31/03/2013
Within one year	**5,428,883**	4,406,442
In the second to fifth year inclusive	**850,521**	777,205
	6,279,404	5,183,647

Leases are negotiated for an average of 1 year.

41. RETIREMENT BENEFIT SCHEME

Commencing from 1 December 2000, the Group's employees are required to join the Mandatory Provident Fund ("MPF") Scheme. Under the MPF Scheme, both the Group and the employees contribute 5% of the employee's monthly remunerations or HK$1,250 per month whichever is the smaller to the scheme. There is no forfeiture of employer's contribution from leaving scheme members under the MPF Scheme.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The total cost charged to profit or loss of HK$8,820,637 (Year ended 31 March 2013: HK$6,835,101) represents contributions payable to these schemes by the Group in respect of the current accounting period.

42. PLEDGE OF ASSETS

At 31 March 2014, the Group has pledged the following assets and assigned rental income from letting of properties in favour of banks to secure the banking facilities:

	31/03/2014	31/03/2013
Investment properties	**860,100,000**	617,500,000
Buildings in Hong Kong	**31,651,666**	32,416,966
Inventory of unsold properties	**6,917,268**	7,442,549
Properties under development for sale	**1,256,445,748**	1,183,576,472
Leasehold land in Hong Kong	**393,000,558**	400,123,481

43. RELATED PARTY TRANSACTIONS

(1) Transactions with associates

Nature of transaction	**Year ended 31/03/2014**	Year ended 31/03/2013
Property management fee received by the Group	**4,188,879**	1,743,413
Interest income received by the Group	**426,721**	633,546
Dividend income received by the Group	**—**	447,872,881

(2) The Group's and the Company's balances with related parties are set out in notes 20, 21 and 27.

(3) Financial guarantees given to banks by the Company and the Group in respect of banking facilities to subsidiaries and associates are set out in note 38.

(4) Compensation of key management personnel is disclosed in note 11.

44. SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 20 August 2008 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 19 August 2018. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

At 31 March 2014, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 15,800,000 (31 March 2013: 15,800,000), representing 1.68% (31 March 2013: 1.62%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

44. SHARE-BASED PAYMENT TRANSACTIONS (Cont'd)

Consideration at HK$1 is payable on the grant of an option. Options may be exercised in accordance with the terms of the Scheme at any time during the period as the Board of Directors may determine in granting the share options, but in any event not exceeding ten years from the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

The following table discloses movements of the Company's share options held by directors during the year:

Date of grant	Exercise period	Exercise price per share	Outstanding at 01/04/2013	Exercised during the year	Outstanding at 31/03/2014
18 March 2010	18.3.2010 - 17.3.2018	HK$0.542	**9,200,000**	**—**	**9,200,000**
23 March 2011	23.3.2011 - 22.3.2018	HK$0.760	**6,600,000**	**—**	**6,600,000**
			15,800,000	**—**	**15,800,000**
Exercisable at the end of the year					**15,800,000**
Weighted average exercise price			**HK$0.633**	**—**	**HK$0.633**

The following table discloses movements of the Company's share options held by directors during the prior year:

Date of grant	Exercise period	Exercise price per share	Outstanding at 01/04/2012	Exercised during the year	Outstanding at 31/03/2013
18 March 2010	18.3.2010 - 17.3.2018	HK$0.542	9,200,000	—	9,200,000
23 March 2011	23.3.2011 - 22.3.2018	HK$0.760	6,900,000	(300,000)	6,600,000
			16,100,000	(300,000)	15,800,000
Exercisable at the end of the year					15,800,000
Weighted average exercise price			HK$0.635	HK$0.760	HK$0.633

In respect of the share options exercised during the year ended 31 March 2013, the weighted average share price at the dates of exercise is HK$0.95.

45. MAJOR NON-CASH TRANSACTION

During the year, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of HK$39,775,747.

46. ACQUISITION OF SUBSIDIARIES

On 27 September 2012, the Group purchased 50% of the issued share capital of Tania Investments Holdings Limited and the benefit of the vendor's shareholder loan for consideration of HK$250,000,000. This acquisition has been accounted for using the purchase method. The amount of bargain purchase gain arising as a result of the acquisition was HK$5,657,431. Tania Investments Holdings Limited and its subsidiaries are engaged in property development. Tania Investments Holdings Limited was acquired so as to continue the expansion of the Group's property development business.

Consideration transferred

Cash	250,000,000
Less: Assignment of shareholder's loan	(112,499,610)
	137,500,390

Acquisition-related costs amounting to HK$527,748 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the "administrative expenses" line item in the consolidated statement of profit or loss.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

Property under development	900,000,000
Deposits	60,100
Bank balances	59,024
Accruals and interest payables	(820,907)
Amounts due to shareholders	(224,999,220)
Derivative financial liabilities	(3,549,197)
Bank loans	(326,581,759)
Deferred tax liabilities	(57,852,399)
	286,315,642

46. ACQUISITION OF SUBSIDIARIES (Cont'd)

Bargain purchase gain arising on acquisition:

Consideration transferred	137,500,390
Plus: fair value of previously held interests of 50% in Tania Investments Holdings Limited	143,157,821
Less: net assets acquired	(286,315,642)
Bargain purchase gain arising on acquisition	(5,657,431)

Net cash outflow on acquisition of Tania Investments Holdings Limited:

Cash consideration paid	250,000,000
Less: assignment of shareholder's loan	(112,499,610)
Less: cash and cash equivalent balances acquired	(59,024)
	137,441,366

Included in the profit for the year ended 31 March 2013 was a loss of HK$28,319 attributable to the additional business incurred by Tania Investments Holdings Limited and its subsidiaries. Revenue for the year ended 31 March 2013 included no revenue generated from Tania Investments Holdings Limited and its subsidiaries.

Had the acquisition been completed on 1 April 2012, total group revenue for the year ended 31 March 2013 would have been HK$1,168 million, and profit for the year ended 31 March 2013 would have been HK$296 million. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2012, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Tania Investments Holdings Limited been acquired at the beginning of the current year, the directors have determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

47. DISPOSAL OF SUBSIDIARIES

On 5 April 2012, the Group disposed of its 100% equity interest in a subsidiary, Camy S.A. at consideration of HK$4,225,750 The net assets of Camy S.A. at the date of disposal were as follows:

Consideration received:	
Cash received	4,225,750
Analysis of assets and liabilities over which control was lost:	
Bank balances and cash	142,927
Accrued expenses	(25,354)
Net assets disposed of	117,573
Gain on disposal of a subsidiary:	
Consideration received	4,225,750
Cost of disposal	(500,000)
Net assets disposed of	(117,573)
Gain on disposal	3,608,177
Net cash inflow arising on disposal:	
Cash consideration	4,225,750
Less: bank balances disposed of	(142,927)
	4,082,823

48. EVENTS AFTER THE REPORTING PERIOD

(a) On 28 April 2014, Seafield Capital Limited ("Seafield"), a wholly owned subsidiary of the Company, entered into the agreement with GCPF Cayman Holding 11 Corp. for the acquisition of the 73% of the entire issued share capital of Ally Vantage (the "Sale Shares"). The transaction was completed on 17 June 2014 and the consideration for the acquisition of the Sale Shares paid by Seafield is HK$258,647,172.

Consideration transferred

Cash	258,647,172

Assets and liabilities recognised at the date of acquisition are as follows:

Investment properties	635,000,000
Plant and equipment	169,620
Deferred tax assets	796,827
Accounts receivable	194,414
Deposits and prepayments	808,404
Bank balances	18,240,564
Receipt in advance	(941,517)
Tenancy deposits	(1,244,500)
Accruals	(10,398,446)
Amount due to a related company	(500,038)
Bank loans	(288,405,939)
	353,719,389

Goodwill arising on acquisition:

Consideration transferred	258,647,172
Plus: fair value of previously held interests of 27% in Ally Vantage	95,664,023
Less: net assets acquired	(353,719,389)
Goodwill arising on acquisition	591,806

48. EVENTS AFTER THE REPORTING PERIOD (Cont'd)

(b) On 28 April 2014, Verde Group Limited ("Verde Group"), a wholly owned subsidiary of the Company, entered into the agreement with GCPF Cayman Holding 10 Corp. ("GCPF") for the acquisition of the 73% of the entire issued share capital of Smart Plus (the "Sale Shares") and shareholder's loan due by Smart Plus to GCPF, amounting to HK$9,699,430 (the "Assigned Shareholder's Loan"). The consideration for the acquisition of the Sale Shares and the Assigned Shareholder's Loan to be paid by Verde Group is HK$219,347,587.

(c) On 7 May 2014, St. Thomas Developments Incorporated ("St. Thomas"), a wholly owned subsidiary of the Company, entered into the agreement with Arsandco Investments Limited ("Arsandco") for the acquisition of the land located in Canada and the lease assigned by Arsandco in favour of St. Thomas (collectively the "Property"). The consideration for the acquisition of the Property to be paid by St. Thomas is C$87,500,000 (equivalent to HK$622,073,375).

(d) On 15 May 2014, Harbour Horizon Holdings Limited ("Harbour Horizon"), a wholly owned subsidiary of the Company, entered into the agreement with Ten Acre (Mayfair) Two Limited for the lease in relation to the flat and car parking space located in the United Kingdom (the "Lease"). The consideration for the Lease to be paid by Harbour Horizon is £3,725,000 (equivalent to HK$48,611,250).

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries at the end the reporting period are as follows:

Name of subsidiary	Place/country of incorporation/ operations	Class of shares held	Issued share capital	Percentage of nominal value of issued share capital held directly /indirectly by the Company 31/03/2014	31/03/2013	Principal activities
Direct subsidiary						
National Electronics (Consolidated) Limited	Hong Kong	Ordinary	HK$1,000	**100%**	100%	Investment holding and trading of electronic products
National Properties Holdings Limited	Hong Kong	Ordinary	HK$100	**100%**	100%	Investment holding and property management
Indirect subsidiary						
99 Bonham Management Limited	Hong Kong	Ordinary	HK$1	**100%**	100%	Property management
Baccarat Investments Limited	British Virgin Islands/Hong Kong	Ordinary	US$1	**100%**	100%	Investment holding
Banyan Villas Holdings Limited	British Virgin Islands/Hong Kong	Ordinary	US$2	**100%**	100%	Investment holding
Brady Limited	Hong Kong	Ordinary	HK$100	**100%**	100%	Property investment
Chirac Limited	Hong Kong	Ordinary	HK$100	**100%**	100%	Investment holding and development
Clare Limited	Hong Kong	Ordinary	HK$1	**100%**	100%	Property investment
Clare Holding Limited	British Virgin Islands	Ordinary	US$100	**100%**	100%	Investment holding
Duprey Limited	Hong Kong	Ordinary	HK$100	**100%**	100%	Trading of electronic products
Eastbond (Hong Kong) Limited	Hong Kong	Ordinary	HK$10	**100%**	100%	Manufacture and sale of plastic products
Eastern Mount Limited	Hong Kong	Ordinary	HK$2	**100%**	100%	Investment holding and subcontracting of electronic products in the PRC

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Cont'd)

Name of subsidiary	Place/country of incorporation/ operations	Class of shares held	Issued share capital	Percentage of nominal value of issued share capital held directly /indirectly by the Company 31/03/2014	31/03/2013	Principal activities
Indirect subsidiary (Cont'd)						
Fatron Electronics Company Limited	Hong Kong	Ordinary	HK$100	**100%**	100%	Manufacture of electronic products
Forthright Investment Limited	Hong Kong	Ordinary	HK$100	**100%**	100%	Property investment
Jervois Management Limited	Hong Kong	Ordinary	HK$1	**100%**	100%	Property management
Joyful Asia Group Limited	British Virgin Islands/Hong Kong	Ordinary	US$100	**100%**	100%	Property investment and development
Majorell Limited	Hong Kong	Ordinary	HK$1,000	**100%**	100%	Property investment and investment holding
Miyota Trading Limited	Hong Kong	Ordinary	HK$100	**100%**	100%	Trading of electronic products
National Commercial Developments Limited	Hong Kong	Ordinary	HK$10,000	**100%**	100%	Investment holding
National Commercial Developments Limited	British Virgin Islands	Ordinary	US$100	**100%**	100%	Investment holding
National Ebauch Limited	Hong Kong	Ordinary Non-voting deferred (Note)	HK$1,000 HK$1,000,000	**100%**	100%	Investment holding and trading of electronic products
National Electronics and Watch Company Limited	Hong Kong	Ordinary Non-voting deferred (Note)	HK$1,000 HK$2,000,000	**100%**	100%	Manufacture and sale of liquid crystal display and quartz analogue watches
National Hong Kong Electronics & Watch Corp.	United States of America	Ordinary	US$100,000	**100%**	100%	Provision of liaison services
National Hotel Holdings Limited	Hong Kong	Ordinary	HK$100	**100%**	100%	Investment holding

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Cont'd)

Name of subsidiary	Place/country of incorporation/ operations	Class of shares held	Issued share capital	Percentage of nominal value of issued share capital held directly /indirectly by the Company 31/03/2014	31/03/2013	Principal activities
Indirect subsidiary (Cont'd)						
National Hotel Holdings Limited	British Virgin Islands	Ordinary	US$100	**100%**	100%	Investment holding
National Hotel Management Limited	Hong Kong	Ordinary	HK$2	**100%**	100%	Investment holding
National Properties Holdings Limited	British Virgin Islands	Ordinary	US$1	**100%**	100%	Investment holding
National Residential Developments Limited	Hong Kong	Ordinary	HK$10,000	**100%**	100%	Investment holding
National Residential Developments Limited	British Virgin Islands	Ordinary	US$100	**100%**	100%	Investment holding
National Telecommunication System Limited	Hong Kong	Ordinary Non-voting deferred (Note)	HK$1,000 HK$2,000,000	**100%**	100%	Provision of inspection service
National Time Limited	Hong Kong	Ordinary Non-voting deferred (Note)	HK$1,000 HK$550,000	**100%**	100%	Trading of electronic watches
Phoenix Investment S.a.r.l.	Luxembourg	Ordinary	EUR12,500	**100%**	100%	Investment holding
Roebuck Investments Limited	British Virgin Islands	Ordinary	US$100	**100%**	100%	Investment holding
Seafield Capital Limited	British Virgin Islands	Ordinary	US$1	**100%**	100%	Investment holding
Smart Rise Investments Limited	British Virgin Islands	Ordinary	US$100	**100%**	100%	Investment holding
Spring Orchard Limited	British Virgin Islands	Ordinary	US$1,000	**100%**	100%	Investment holding

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Cont'd)

Name of subsidiary	Place/country of incorporation/ operations	Class of shares held	Issued share capital	Percentage of nominal value of issued share capital held directly /indirectly by the Company 31/03/2014	31/03/2013	Principal activities
Indirect subsidiary (Cont'd)						
St. Thomas Commercial Developments Incorporated	Ontario, Canada	Common	CAD3,714,101	**100%**	100%	Investment holding
St. Thomas Developments Incorporated	Ontario, Canada	Common	CAD2,100	**100%**	100%	Property development
Susanne Limited	British Virgin Islands	Common	US$100	**100%**	100%	Investment holding
Sun Shine Limited	Hong Kong	Common	HK$2	**100%**	100%	Investment holding
Tania Limited	Hong Kong	Common	HK$1	**100%**	100%	Property management
Tania Development Limited	British Virgin Islands	Common	US$100	**100%**	100%	Property investment and development
Tania Investments Limited	British Virgin Islands	Common	US$100	**100%**	100%	Investment holding
Terence Limited	Hong Kong	Common	HK$1	**100%**	100%	Investment holding
Terence Limited	British Virgin Islands	Common	US$100	**100%**	100%	Investment holding
The Putman Management Limited	Hong Kong	Common	HK$100	**100%**	100%	Property management
Twenty-one Whitfield Management Limited	Hong Kong	Common	HK$1	**100%**	100%	Property management
Unionville Development Limited Partnership	Ontario, Canada	N/A	CAD54,471	**100%**	100%	Property development
Unionville Development (2010) Limited Partnership	Ontario, Canada	N/A	CAD215,701 - Partners' deficiency	**100%**	100%	Property development
Verde Group Limited	British Virgin Islands	Ordinary	US$1	**100%**	100%	Investment holding

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Cont'd)

Name of subsidiary	Place/country of incorporation/ operations	Class of shares held	Issued share capital	Percentage of nominal value of issued share capital held directly /indirectly by the Company 31/03/2014	31/03/2013	Principal activities
Indirect subsidiary (Cont'd)						
1061383 Ontario Limited	Ontario, Canada	Common	CAD100	**100%**	100%	Property holding
中霸鐘錶電子發展(深圳)有限公司*	PRC	N/A	HK$14,000,000	**100%**	100%	Manufacture of electronic products
中霸電子科技(南寧)有限公司*	PRC	N/A	HK$56,000,000	**100%**	100%	Manufacture of electronic products
東富塑膠五金製品(深圳)有限公司*	PRC	N/A	HK$4,450,000	**100%**	100%	Manufacture of metal and plastic products
威日實業(深圳)有限公司*	PRC	N/A	HK$5,000,000	**100%**	100%	Trading of electronic products

* A wholly foreign owned enterprise.

Note: The deferred shares, which are not held by the Group, carry practically no rights to dividends nor to receive notice of nor to attend or vote at any general meeting of the relevant companies nor to participate in any distribution on winding up.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affect the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, results in particulars of excessive length. All these subsidiaries are wholly-owned and private limited companies.

None of the subsidiaries had any debt security outstanding at the end of the year or at any time during the year.

Details of the major properties held by the Group as at 31 March 2014 are as follows:

Investment properties

Location	Lease term	Group's interest	Type
No. 196 Queen's Road Central, Sheung Wan, Hong Kong	Long term	100%	Commercial
The Putman No. 202 Queen's Road Central, Sheung Wan, Hong Kong	Long term	100%	Commercial
A parcel of land located at Yinkai Industrial Park, Economic and Technological Development Zone, Nanning City, Guangxi Zhuangzu Autonomous Region, the PRC	Medium term	100%	Industrial
Flat A2, 24th Floor, Block A and Car Parking Space No. 16 at Car Park Level 1, Nicholson Tower, No. 8 Wong Nai Chung Gap Road, Happy Valley, Hong Kong	Medium term	100%	Residential
House No. C36 (including its 2 Car Parking Spaces) Regalia Bay, No. 88 Wong Ma Kok Road, Stanley, Hong Kong	Medium term	100%	Residential

Results:

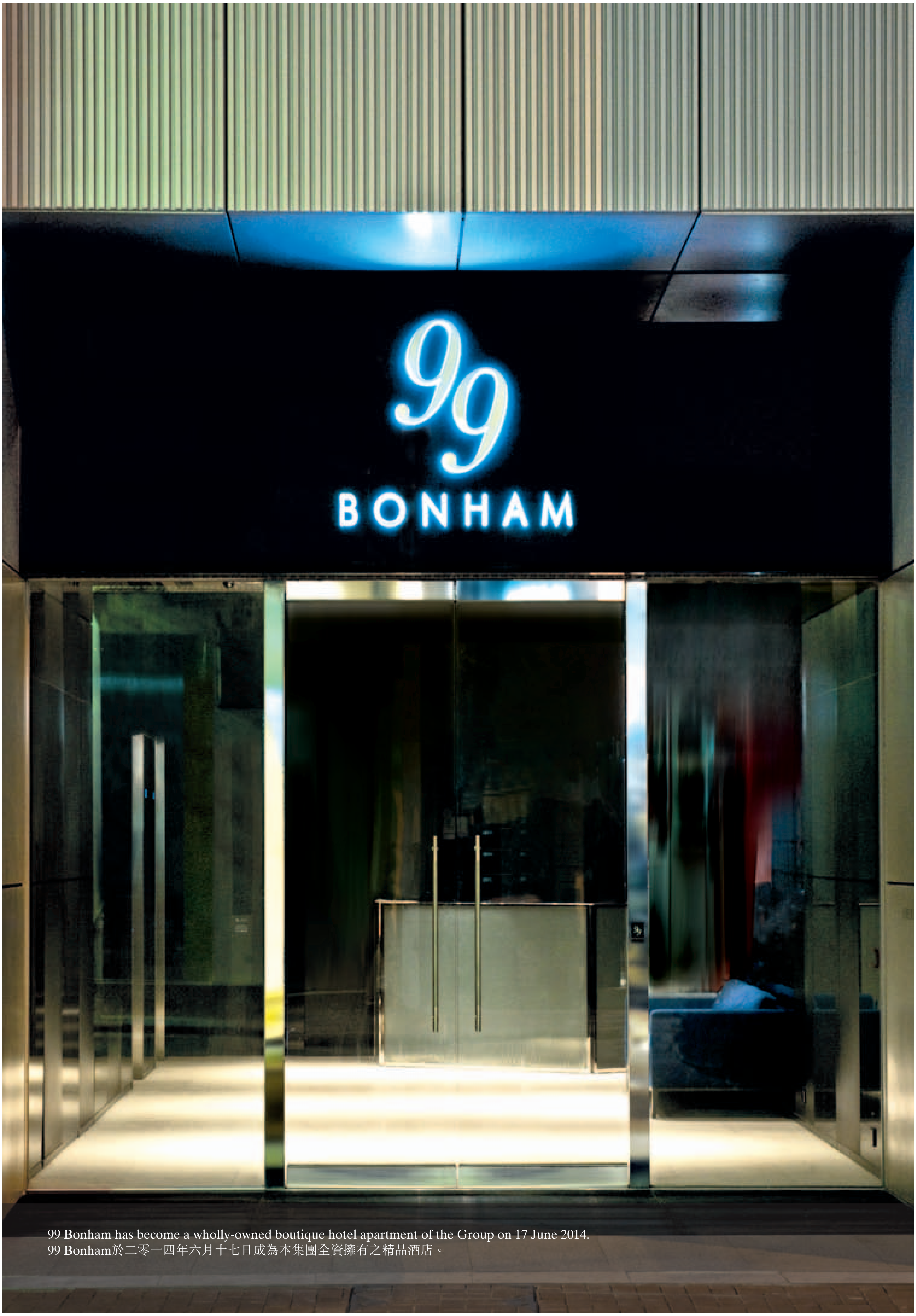
	Year ended 31 March				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000 (Restated)	HK$'000 (Note)	HK$'000 (Note)	HK$'000 (Note)
Revenue	**1,171,314**	1,167,854	1,294,715	1,265,369	1,113,704
Cost of sales	**(1,009,384)**	(990,349)	(1,106,093)	(1,114,202)	(982,173)
Gross profit	**161,930**	177,505	188,622	151,167	131,531
Other income and gains	**6,271**	30,384	57,165	6,901	50,106
Increase in fair value of investment properties	**194,936**	30,841	47,274	140,104	57,001
Distribution costs	**(10,042)**	(9,247)	(7,702)	(8,277)	(7,248)
Administrative expenses	**(211,687)**	(182,217)	(183,899)	(173,308)	(124,781)
Finance costs	**(29,084)**	(24,213)	(20,833)	(20,380)	(15,322)
Gain/(Loss) on disposal of subsidiaries	**—**	3,608	(2,608)	20,747	—
Loss on disposal of associates	**—**	—	(3,580)	—	—
Share of results of associates	**111,312**	135,811	102,813	198,019	43,184
Fair value gain arising from the remeasurement of the previously held interest in a joint venture	**—**	143,158	—	—	—
Share of results of joint venture	**—**	—	—	—	(1)
Profit before taxation	**223,636**	305,630	177,252	314,973	134,470
Income tax credit/(expense)	**4,840**	(9,165)	(5,946)	(7,328)	(12,754)
Profit for the year	**228,476**	296,465	171,306	307,645	121,716
Earnings per share					
– Basic	**23.8 HK cents**	30.3 HK cents	17.6 HK cents	31.7 HK cents	12.5 HK cents
– diluted	**23.6 HK cents**	30.1 HK cents	17.6 HK cents	31.7 HK cents	12.5 HK cents

Assets and liabilities:

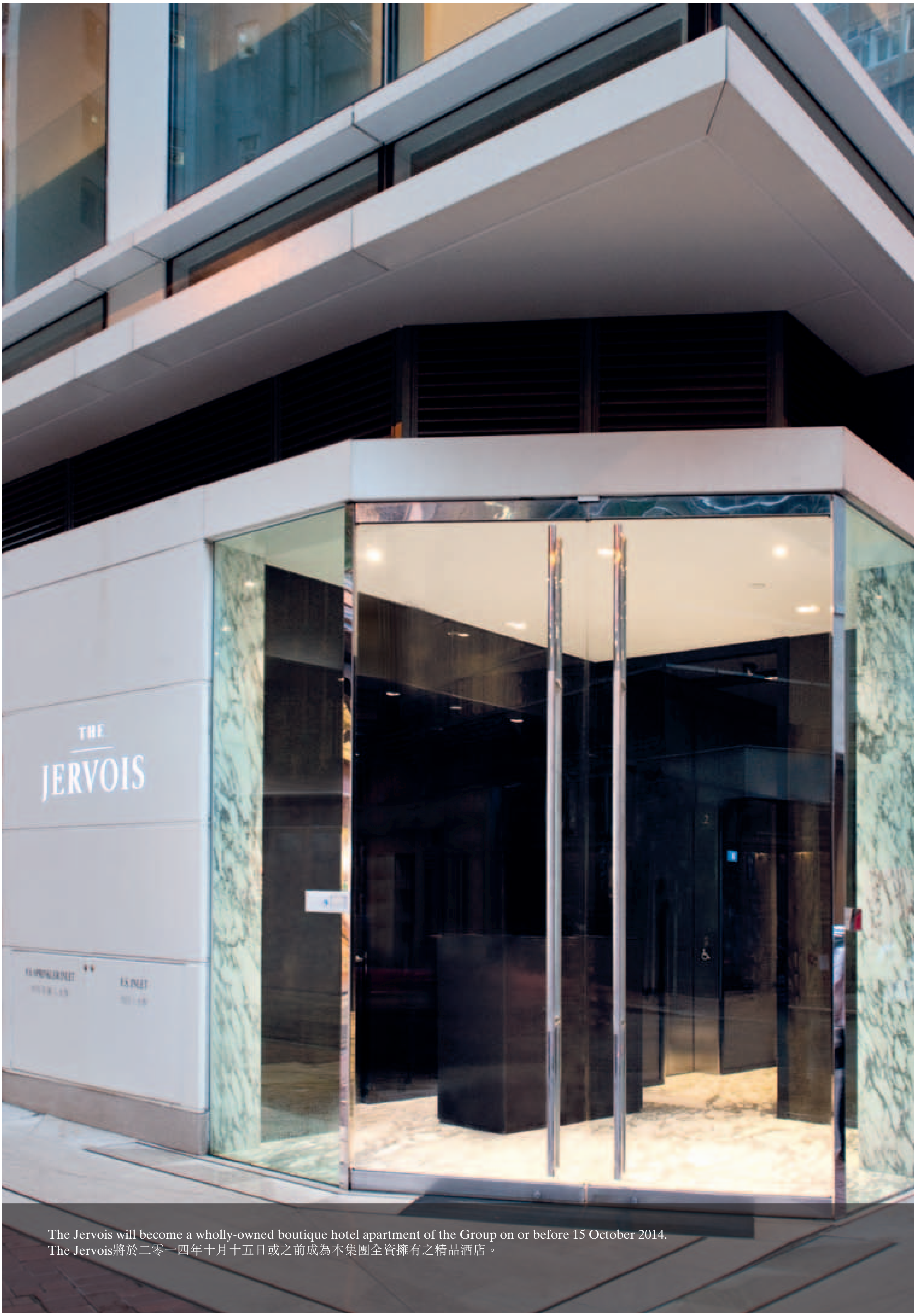
	At 31 March				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000 (Restated)	HK$'000 (Note)	HK$'000 (Note)	HK$'000 (Note)
Total assets	**4,024,458**	3,587,831	2,701,274	2,719,335	2,160,667
Total liabilities	**2,296,014**	1,998,067	1,312,055	1,437,006	1,324,336
Net assets	**1,728,444**	1,589,764	1,389,219	1,282,329	836,331

Note: Restatement regarding the adoption of HKAS 19 *Employee Benefits* (as revised in 2011) has not been performed for the year 2010, 2011 and 2012.

The Group's wholly-owned boutique hotel apartment at 196 Queen's Road Central is expected to be launched in the second half of 2014.
本集團位於皇后大道中196號、全資擁有之精品酒店，預期將於二零一四年年度下半年度推出招租。



99 Bonham has become a wholly-owned boutique hotel apartment of the Group on 17 June 2014.
99 Bonham於二零一四年六月十七日成為本集團全資擁有之精品酒店。



The Jervois will become a wholly-owned boutique hotel apartment of the Group on or before 15 October 2014.
The Jervois將於二零一四年十月十五日或之前成為本集團全資擁有之精品酒店。

The Group acquired a whole city-block site at 88 Queen Street East in Toronto Canada on 7 July 2014 for redevelopment.
本集團於二零一四年七月七日收購位於加拿大多倫多88 Queen Street East之整個街區地段作重建用途。