



Far East Hotels and Entertainment Limited

Stock Code : 37



Annual Report

2014

Contents

	PAGE(S)
CORPORATE INFORMATION	2-3
PROFILE OF DIRECTORS	4-5
MANAGING DIRECTOR AND CHIEF EXECUTIVE'S STATEMENT	6-7
DIRECTORS' REPORT	8-15
CORPORATE GOVERNANCE REPORT	16-22
INDEPENDENT AUDITOR'S REPORT	23
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE (EXPENSE) INCOME	24
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	25-26
STATEMENT OF FINANCIAL POSITION	27-28
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	29
CONSOLIDATED STATEMENT OF CASH FLOWS	30-31
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	32-90
LIST OF MAJOR PROPERTIES HELD BY THE GROUP	91
FINANCIAL SUMMARY	92

In the event of any error or omission in translation of this Annual Report, the English text will prevail.



Corporate Information

PLACE OF INCORPORATION

Hong Kong

BOARD OF DIRECTORS

Executive Directors

Deacon Te Ken Chiu, J.P. (*Chairman*)

Derek Chiu, B.A. (*Managing Director and Chief Executive*)

Margaret Chiu, LL.B.

Non-executive Directors

Chiu Ju Ching Lan, J.P.

Dick Tat Sang Chiu, M.A.

Independent Non-executive Directors

Ip Shing Hing, J.P.

Ng Wing Hang Patrick

Choy Wai Shek Raymond, MH, J.P.

COMPANY SECRETARY

Kwok Siu Man

SOLICITORS

Woo Kwan Lee & Lo

AUDITOR

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

AUTHORISED REPRESENTATIVES

Derek Chiu, B.A.

Kwok Siu Man

AUDIT COMMITTEE

Ng Wing Hang Patrick (*Chairman*)

Ip Shing Hing, J.P.

Choy Wai Shek Raymond, MH, J.P.



REMUNERATION COMMITTEE

Choy Wai Shek Raymond, MH, J.P. (*Chairman*)

Ip Shing Hing, J.P.

Ng Wing Hang Patrick

Derek Chiu, B.A.

NOMINATION COMMITTEE

Ip Shing Hing, J.P. (*Chairman*)

Ng Wing Hang Patrick

Choy Wai Shek Raymond, MH, J.P.

Derek Chiu, B.A.

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

Hang Seng Bank Limited

Public Bank (Hong Kong) Limited

The Bank of East Asia, Limited

The Hongkong and Shanghai Banking Corporation Limited

REGISTERED & PRINCIPAL OFFICE

Suite 1902, 19th Floor,

The Sun's Group Centre,

200 Gloucester Road,

Wanchai, Hong Kong

SHARE REGISTRAR

Tricor Standard Limited

Level 22, Hopewell Centre,

183 Queen's Road East, Hong Kong

STOCK EXCHANGE

The Shares of the Company are listed on

The Stock Exchange of Hong Kong Limited

STOCK CODE

0037

WEBSITE

www.tricor.com.hk/websevice/00037



Profile of Directors

BOARD OF DIRECTORS

Executive Directors

Mr. Deacon Te Ken Chiu, J.P. (Chairman)

Aged 89. He was appointed as Director and Chairman of the Company in 1979. He is the founder of the Far East Group. He is also a director of several subsidiaries of the Company. With effect from 8 September 2011, Mr. Chiu has retired as the chairman and was appointed as the honorary chairman of Far East Consortium International Limited (stock code: 35). He is also the chairman of the board of directors of Far East Holdings International Limited (stock code: 36). Mr. Chiu has more than 50 years of business experience in property investment and development, operation of entertainment and tourism related business, hotel ownership and management and financing and banking. He was a member of the Chinese People's Political and Consultative Conference from the 6th to 9th, the founder of Yan Chai Hospital and the vice patron of the Community Chest since 1968, the founder and permanent honorary chairman of The New Territories General Chamber of Commerce, and the founder and chairman of Ju Ching Chu Secondary School since 1966. Mr. Chiu is the husband of Madam Chiu Ju Ching Lan and the father of Mr. Dick Tat Sang Chiu, Ms. Margaret Chiu and Mr. Derek Chiu.

Mr. Derek Chiu, B.A. (Managing Director and Chief Executive)

Aged 48. He was appointed as Director of the Company in 1989. He is a member of each of the remuneration committee and the nomination committee of the Company. He is also a director of various subsidiaries of the Company. He is an executive director of Far East Holdings International Limited (stock code: 36). He has extensive experience in the operation of amusement parks and entertainment business. He is a son of Mr. Deacon Te Ken Chiu and Madam Chiu Ju Ching Lan and a brother of Mr. Dick Tat Sang Chiu and Ms. Margaret Chiu.

Ms. Margaret Chiu, LL.B.

She was appointed as Director of the Company in 1989. She is also a director of several subsidiaries of the Company. She graduated with a law degree from the University of Buckingham, the United Kingdom. She has extensive experience in entertainment, television and motion picture business in Hong Kong, the People's Republic of China and overseas. She is the daughter of Mr. Deacon Te Ken Chiu and Madam Chiu Ju Ching Lan and the sister of Mr. Dick Tat Sang Chiu and Mr. Derek Chiu.

Non-Executive Directors

Madam Chiu Ju Ching Lan, J.P.

Aged 74. She was appointed as Director of the Company in 1979. She is also a director of several subsidiaries of the Company. Since 1975, she has been the Honorary Vice-President of Hong Kong Girl Guides Association. She has been active in social circles and was Lady Chairman of Yan Chai Hospital for 1977/78. She is the founder and Honorary Chairman of New Territories Women's and Juveniles Welfare Association. She is the Chairman of the Incorporated Management Committee and the Supervisor of the three schools by



Profile of Directors

the name of Ju Ching Chu Secondary School, and the Chairman of Kowloon Women's Welfare Club. She was a member of Shanghai Standing Committee Chinese People's Political Consultative Conference for 25 years from 1982 to 2007. She has also been an Honorary Vice-President of Hong Kong Federation of Women since 1997. She is the wife of Mr. Deacon Te Ken Chiu and the mother of Mr. Dick Tat Sang Chiu, Ms. Margaret Chiu and Mr. Derek Chiu.

Mr. Dick Tat Sang Chiu, M.A.

Aged 63. He joined the Far East Group in 1974 and was appointed as Director of the Company in 1979. He is also a director of several subsidiaries of the Company. He is the founder of Warwick International Hotels Group and serves as its president. He graduated from the University of Cambridge with an honour Master of Arts degree in Economics. He is a son of Mr. Deacon Te Ken Chiu and Madam Chiu Ju Ching Lan and a brother of Ms. Margaret Chiu and Mr. Derek Chiu.

Independent Non-Executive Directors

Mr. Ip Shing Hing, J.P.

Aged 59. Mr. Ip was appointed as an Independent Non-executive Director of the Company on 31 March 1997. He is the chairman of the nomination committee and a member of each of the audit committee and the remuneration committee of the Company. He holds a Bachelor of Laws Degree from the University of Hong Kong and a Master of Arts in Arbitration and Alternative Dispute Resolution from the City University of Hong Kong. He has been a practising solicitor in Hong Kong for more than 30 years. Mr. Ip is an independent non-executive director of Binhai Investment Company Limited (stock code: 2886) and PC Partner Group Limited (stock code: 1263).

Mr. Ng Wing Hang Patrick

Aged 61. Mr. Ng was appointed as an Independent Non-executive Director of the Company on 28 September 2004. He is the chairman of the audit committee and a member of each of the remuneration committee and the nomination committee of the Company. He is a practising certified public accountant in Hong Kong and is the managing director of Pan-China (H.K.) CPA Limited, a certified public accountants firm in Hong Kong. He also serves as an independent non-executive director of Shenyin Wanguo (H.K.) Limited (stock code: 218), which is listed on the Hong Kong Stock Exchange. Mr. Ng has been an independent non-executive director of Rosan Resources Holdings Limited (stock code: 578), formerly known as China CBM Group Limited as well as Dynamic Energy Holdings Limited, and Ming Kei Holdings Limited (stock code: 8239), which are listed on the Hong Kong Stock Exchange, until he resigned on 28 April 2010 and 26 June 2012 respectively.

Mr. Choy Wai Shek Raymond, MH, J.P.

Aged 65. Mr. Choy was appointed as an Independent Non-executive Director of the Company on 28 September 2004. He is the chairman of the remuneration committee and a member of each of the audit committee and the nomination committee of the Company. He was the Chairman of Sham Shui Po District Council, Hong Kong from 1991 to 1994, a member of Hong Kong Affairs Adviser from 1994 to 1997, and a member of Hong Kong Broadcasting Authority from 1995 to 1998. He was a Former Vice-chairman of Occupational Safety And Health Council, a Former member of Energy Advisory Committee, a Former member of Consumer Council, a member of CPPCC Guangzhou Committee, a director of Chinese General Chamber Of Commerce, Vice President of GMC Hong Kong Member Association and Chairman of Hong Kong Conghua Fraternity Association (Supervisory Board).



Managing Director and Chief Executive's Statement

RESULTS

I report to the shareholders of Far East Hotels and Entertainment Limited (the "Company") that the audited consolidated loss of the Company and its subsidiaries (the "Group") attributable to shareholders for the year ended 31 March 2014 amounted to HK\$4,348,643 (2013: profit of HK\$12,012,514).

The directors of the Company do not recommend the payment of any dividend for the year.

REVIEW OF OPERATIONS AND PROSPECTS

The overall turnover of the Group has increased by approximately 16% as compared with the last corresponding period. Of which, the turnover of the Cheung Chau Warwick Hotel has remained stable as compared with the last corresponding period and contributed a segment profit of approximately HK\$5.3 million while the turnover of Beijing Warwick, which comprises suite hotel and office premises leasing, has increased by approximately 48% as compared with the last corresponding period and contributed a segment profit of approximately HK\$1.3 million.

The Cheung Chau Warwick Hotel has recorded an increase in the revenue from the rooms department by approximately 2.6% and a decrease in the revenue from the food & beverage department by approximately 6.6%. The decrease in the food & beverage revenue is mainly due to the keen competition between the restaurants on Cheung Chau island. The hotel will keep on gaining more publicity and expanding its market share through media promotion. The management has been considering the possibility of providing more products and services in order to create more income stream for the coming year.

The increase in the revenue of Beijing Warwick is mainly due to the increase in occupancy rate of the office premises which has provided a steady rental income to the Group.

At the end of the reporting period, there is an increase of approximately HK\$5.7 million in fair value of investment properties.

The Group has recorded a profit of approximately HK\$3.9 million from securities investment and trading.

The Group will from time to time seek further business opportunities that can provide investment potential and broaden the income base of the Group.



Managing Director and Chief Executive's Statement

LIQUIDITY AND FINANCIAL RESOURCES

At 31 March 2014, the Group had bank balances and cash of HK\$20,495,374 (2013: HK\$11,547,991) and pledged bank deposits of HK\$2,118,000 (2013: HK\$2,118,000).

At 31 March 2014, there were outstanding bank loans and utilised overdraft facilities of HK\$40,456,149 (2013: HK\$47,152,388) and unutilised overdraft facilities of HK\$5,660,346 (2013: HK\$2,000,000) available to the Group.

At 31 March 2014, the Group did not have any foreign exchange contracts, interest or currency swaps or other financial derivatives (2013: Nil).

Shareholders' funds at 31 March 2014 amounted to approximately HK\$356 million (2013: approximately HK\$339 million). Accordingly, the Group's gearing ratio (total bank borrowings to shareholders' funds) at 31 March 2014 is 11% (2013: 14%).

CONTINGENT LIABILITIES

At 31 March 2014, the Company has issued financial guarantees of HK\$18,000,000 (2013: HK\$18,000,000) to banks in respect of banking facilities granted to its subsidiaries, of which HK\$16,080,000 (2013: HK\$16,080,000) has been utilised by its subsidiaries.

CAPITAL COMMITMENTS

At 31 March 2014, the Group did not have significant capital commitments (2013: Nil).

EMPLOYEES

At 31 March 2014, the Group has approximately 70 employees (2013: 80 employees). Employees are remunerated in accordance with the nature of the job and market conditions. Staff incentive bonus would be granted to reward and motivate those well-performed employees.

On behalf of the Board of Directors, I would like to extend my sincere thanks to all our shareholders for their continued support, and to our staff for their dedication, loyalty and service.

Derek Chiu

Managing Director and Chief Executive

Hong Kong, 24 June 2014



Directors' Report

The directors of the Company present their directors' report together with the audited financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March, 2014.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services to its subsidiaries. The activities of its principal subsidiaries, associates and joint venture are set out in notes 15, 16 and 17 respectively, to the consolidated financial statements.

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 and other comprehensive (expense) income on page 24.

The directors do not recommend the payment of a dividend.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 29 and note 33 to the consolidated financial statements respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group and the Company are set out in note 13 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of movements in investment properties of the Group are set out in note 14 to the consolidated financial statements.

PROPERTIES

Details of the major properties held by the Group at 31 March, 2014 are set out on page 91 of the annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES IN THE COMPANY

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 32 to the consolidated financial statements.



DIRECTORS

The directors of the Company who held office during the year and up to the date of this report were:

Executive Directors

Mr. Deacon Te Ken Chiu (*Chairman*)

Mr. Derek Chiu (*Managing Director and Chief Executive*)

Mr. Desmond Chiu (*Deputy Managing Director*) (*resigned on 3 September 2013*)

Ms. Margaret Chiu

Non-executive Directors

Madam Chiu Ju Ching Lan

Mr. Dick Tat Sang Chiu

Independent non-executive Directors

Mr. Ip Shing Hing

Mr. Ng Wing Hang Patrick

Mr. Choy Wai Shek Raymond

In accordance with articles 78 and 79 of the Company's articles of association, one-third of the directors shall retire from office and, being eligible, offer themselves for election. In accordance thereto, Ms. Margaret Chiu, Mr. Ng Wing Hang Patrick and Mr. Choy Wai Shek Raymond shall retire from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Pursuant to code provision A.4.3 of the Corporate Governance Code set out in Appendix 14 of the Listing Rules, Mr. Ng Wing Hang Patrick and Mr. Choy Wai Shek Raymond have served as independent non-executive directors for more than 9 years and re-election of each of them will be subject to a separate resolution to be approved by the shareholders.

The term of office for each non-executive director is the period up to his or her annual retirement by rotation in accordance with the Company's articles of association.

The Company has received from each of the independent non-executive directors an annual confirmation of his independence in writing pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and considers the independent non-executive directors to be independent.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 31 March, 2014, the interests and short positions of the directors and the Company's chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (a) to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors contained in the Listing Rules were as follows:



Directors' Report

(a) Long position in the ordinary shares of the Company

Name of director	Number of issued ordinary shares held			Total	Approximate percentage of issued share capital of the Company
	Personal interests	Family interests	Corporate interests		
Mr. Deacon Te Ken Chiu	12,491,424	–	108,901,052 (Note 1)	121,392,476	20.53%
Mr. Derek Chiu	17,194,000	–	78,430,299 (Note 2)	95,624,299	16.17%
Madam Chiu Ju Ching Lan	188,000	–	–	188,000	0.03%
Mr. Dick Tat Sang Chiu	12,172,800	–	22,277,033 (Note 3)	34,449,833	5.82%
Ms. Margaret Chiu	676,240	–	5,000,000 (Note 4)	5,676,240	0.96%

Notes:

- (1) Of the 108,901,052 shares, (i) 100,939,842 shares were held by various private companies wholly owned by Mr. Deacon Te Ken Chiu of which 72,182,400 shares were held by Achiemax Limited; (ii) 295,210 shares were held by Far East Consortium Limited, a wholly-owned subsidiary of Far East Consortium International Limited; and (iii) 7,666,000 shares were held by Brentford Investments Inc., a wholly-owned subsidiary of Far East Holdings International Limited. Mr. Deacon Te Ken Chiu is a controlling shareholder of these companies.
- (2) The 78,430,299 shares were held by Energy Overseas Ltd., a company wholly owned by Mr. Derek Chiu.
- (3) The 22,277,033 shares were held by various private companies wholly owned by Mr. Dick Tat Sang Chiu.
- (4) The 5,000,000 shares were held by a private company wholly owned by Ms. Margaret Chiu.

(b) Long position in the ordinary shares of associated corporation

Name of director	Nature of interests	Name of associated corporation	Number of issued ordinary shares held	Percentage of the issued share capital of associated corporation
Mr. Derek Chiu	Personal interest	Sino Noble Development Limited	50	50%

Sino Noble Development Limited is jointly owned by Mr. Derek Chiu and the Company.



(c) Share options of the Company

Details of the share option scheme that complies with the Listing Rules adopted on 1 June, 2007 are set out in note 41 to the consolidated financial statements. Movements of share options held by directors and employees are as follows:

Grantee	Number of share options					Exercise price HK\$	Grant date	Exercisable period	
	Held at 1 April 2013	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Held at 31 March 2014			From	To
Executive directors									
Mr. Deacon Te Ken Chiu	-	4,800,000	-	-	4,800,000	0.2320	06/02/2014	06/02/2014	05/02/2024
Mr. Derek Chiu	4,500,000	-	-	-	4,500,000	0.2498	15/04/2011	15/04/2011	14/04/2021
	4,800,000	-	(4,800,000)	-	-	0.1632	28/08/2012	28/08/2012	27/08/2022
	-	4,800,000	-	-	4,800,000	0.2320	06/02/2014	06/02/2014	05/02/2024
Ms. Margaret Chiu	-	2,000,000	-	-	2,000,000	0.2320	06/02/2014	06/02/2014	05/02/2024
Non-executive directors									
Madam Chiu Ju Ching Lan	-	2,000,000	-	-	2,000,000	0.2320	06/02/2014	06/02/2014	05/02/2024
Independent non-executive directors									
Mr. Ip Shing Hing	1,000,000	-	-	-	1,000,000	0.2820	30/12/2009	30/12/2009	29/12/2019
	-	2,000,000	-	-	2,000,000	0.2320	06/02/2014	06/02/2014	05/02/2024
Mr. Ng Wing Hang Patrick	1,000,000	-	-	-	1,000,000	0.2820	30/12/2009	30/12/2009	29/12/2019
	-	2,000,000	-	-	2,000,000	0.2320	06/02/2014	06/02/2014	05/02/2024
Mr. Choy Wai Shek Raymond	1,000,000	-	-	-	1,000,000	0.2820	30/12/2009	30/12/2009	29/12/2019
	-	2,000,000	-	-	2,000,000	0.2320	06/02/2014	06/02/2014	05/02/2024
Aggregate for employees	3,000,000	-	-	-	3,000,000	0.282	30/12/2009	30/12/2009	29/12/2019
	1,000,000	-	-	-	1,000,000	0.265	24/02/2010	24/02/2010	23/02/2020
	-	3,000,000	-	-	3,000,000	0.232	06/02/2014	06/02/2014	05/02/2024
	<u>16,300,000</u>	<u>22,600,000</u>	<u>(4,800,000)</u>	<u>-</u>	<u>34,100,000</u>				

On 6 February 2014, the Company granted share options to certain directors and employees to subscribe for an aggregate of 22,600,000 shares of the Company at an exercise price of HK\$0.232 per share. The closing price of the underlying shares immediately before the date of granting the share options was HK\$0.23 per share.

No vesting period was provided for the above share options granted.

Directors' Report

Save as disclosed above, as at 31 March 2014, none of the directors or the Company's chief executive or their respective associates, had interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "Model Code").

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as the share options disclosed above, 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 CONTRACTS OF SIGNIFICANCE

The title of certain leasehold land and buildings owned by a subsidiary is registered in the name of a company controlled by Mr. Deacon Te Ken Chiu and his family (the "Chiu family") as trustee for the said subsidiary.

Save as disclosed above, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' SERVICE CONTRACTS

None of the directors of the Company has a contract of service with the Company or any of its subsidiaries not determinable by the Group within one year without payment of compensation (other than statutory compensation).

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

Save as the interests of certain directors disclosed under the section headed "Directors' and chief executive's interests and short position in shares, underlying shares and debentures", according to the register of interests maintained by the Company pursuant to Section 336 of the SFO and as far as the directors of the Company are aware, as at 31 March 2014, the following persons or corporations (other than a director or chief executive of the Company) had an interest or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group or in any options in respect of such capital:



Long position in the ordinary shares of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of issued share capital of the Company
Achiemax Limited (<i>Note 1</i>)	Beneficial owner	72,182,400	12.21%
Energy Overseas Ltd. (<i>Note 2</i>)	Beneficial owner	78,430,299	13.26%
Mr. Chan Tai Keung David	Beneficial owner	77,768,000	13.15%

Notes:

1. Mr. Deacon Te Ken Chiu is a director of Achiemax Limited.
2. Energy Overseas Ltd. is a company wholly owned by Mr. Derek Chiu who is also its director.

Save as disclosed above, as at 31 March 2014, the Company has not been notified of any persons (other than a director or chief executive of the Company) who had an interest or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group or in any options in respect of such capital.

CONNECTED TRANSACTION

The related party transactions as disclosed in note 40 to the consolidated financial statements did not constitute connected transactions or continuing connected transactions which are required to comply with disclosure requirements in accordance with Chapter 14A of the Listing Rules.

MAJOR SUPPLIERS AND CUSTOMERS

The purchases made by the Group for its largest supplier and the five largest suppliers of the Group accounted for approximately 33% and 65% of the total purchases of the Group in the year, respectively.

The sales attributable to the Group's largest customer and the five largest customers of the Group accounted for approximately 26% and 40% of the total sales of the Group in the year, respectively.

None of the directors or any of their associates (as defined under the Listing Rules) or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

Directors' Report

EMPLOYEES AND REMUNERATION POLICIES

At 31 March 2014, the Group has approximately 70 employees (2013: 80 employees). Employees are remunerated in accordance with the nature of the job and market conditions. Staff incentive bonus would be granted to reward and motivate those well-performed employees.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 16 to 22 of the annual report.

AUDIT COMMITTEE

The Company's audit committee comprises all the independent non-executive directors.

The principal duties of the audit committee include review and supervision of the Group's financial reporting system, financial statements and internal control procedures.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules.

EMOLUMENT POLICY

The Company has established a remuneration committee with written terms of reference pursuant to the provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules. The remuneration committee is principally responsible for formulating and making recommendation to the Board on the Group's policy and structure for all remuneration of directors and senior management.

The Company has adopted a share option scheme as an incentive to directors and eligible participants and other consultants, details of the scheme are set out in note 41 to the consolidated financial statements.



MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted a new code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. The directors confirmed that there was not any non-compliance with the standard set out in the Model Code and the Company's code of conduct regarding directors' securities transactions during the year ended 31 March, 2014.

INDEPENDENT AUDITOR

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as independent auditor of the Company.

On behalf of the Board

Derek Chiu

Managing Director and Chief Executive

Hong Kong, 24 June 2014



Corporate Governance Report

COMMITMENT TO CORPORATE GOVERNANCE

The Company is committed to maintaining statutory and regulatory standards and adherence to the principles of corporate governance emphasising transparency, independence, accountability, responsibility and fairness. The Board and the senior management of the Company ensure that effective self-regulatory practices exist to protect the interests of the shareholders.

Throughout the year ended 31 March 2014, the Company has complied with all the code provisions of the Corporate Governance Code (the “Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except for the following:

- (a) Code provision A.4.1 of the Code stipulates that non-executive directors should be appointed for a specific term and subject to re-election.

None of the existing non-executive directors is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, all directors are subject to retirement by rotation at each annual general meeting under Articles 78 and 79 of the Company’s articles of association. As such, 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 Code.

- (b) Code provision E.1.2 of the Code stipulates that the chairman of the Board should attend the annual general meeting. The chairman of the Board was unable to attend the Company’s annual general meeting held on 2 September 2013 due to other business engagement. However, an executive director and the managing director and chief executive of the Company present at the said meeting was elected as chairman thereof to ensure an effective communication with the shareholders thereat.

THE BOARD OF DIRECTORS

The Board’s primary responsibilities are to formulate long-term corporate strategy, to oversee the management of the Group, to evaluate the performance of the Group and to assess the achievement of targets periodically set by the Board. The Board may from time to time delegate certain functions to senior management of the Group if and when considered appropriate. The senior management is mainly responsible for execution of the business plan, strategies and policies adopted by the Board and assigned to it from time to time. The Board is directly accountable to the shareholders and is responsible for preparing the financial statements.

The Board comprises eight directors, whose biographical details are set out in the “Profile of Directors” of this annual report. Three of the directors are executive, two are non-executive and three are independent non-executive. The five non-executive directors bring a broad range of legal, financial, regulatory and commercial experience and skills to the Board, which contribute to the effective strategic management of the Group. The executive directors are not permitted to engage in any other business which is in competition with that of the Group, and are required, with the exception of the Chairman, to devote all of their active business time to the business and affairs of the Group.

Please refer to the Directors’ Report and the Profile of Directors of this annual report for the composition of the Board and relationship between Board members. Save for such relationship disclosed in the Profile of Directors, there is no other financial, business, family or other material/relevant relationships among the members of the Board.



Corporate Governance Report

The two posts of (a) Chairman and (b) Managing Director and Chief Executive are held separately by Mr. Deacon Te Ken Chiu and Mr. Derek Chiu respectively and their roles and responsibilities are separate and are set out in writing.

The Chairman is responsible for formulating and setting the Group's strategies and policies in conjunction with the Board.

The Managing Director and Chief Executive is responsible for managing the Group's strategic initiatives, investor relations, corporate and investor communications, mergers or acquisitions, and financing.

Pursuant to the independence requirements set out in rule 3.13 of the Listing Rules, the Company has received written confirmation from all independent non-executive directors of their independence from the Company and considers them to be independent.

BOARD MEETINGS

Seventeen board meetings and two general meetings were held during the year ended 31 March 2014. The attendance record of each individual director at the board meetings and the general meetings is set out in the table below:

	Board meeting attended/eligible to attend	General meeting* attended/eligible to attend
Executive Directors		
Deacon Te Ken Chiu (<i>Chairman</i>)	10/17	0/2
Derek Chiu (<i>Managing Director and Chief Executive</i>)	17/17	2/2
Desmond Chiu (<i>Deputy Managing Director</i>) (resigned on 3 September 2013)	0/5	0/2
Margaret Chiu	2/17	0/2
Non-executive Directors		
Chiu Ju Ching Lan	0/17	0/2
Dick Tat Sang Chiu	0/17	0/2
Independent Non-executive Directors		
Ip Shing Hing	8/17	1/2
Ng Wing Hang Patrick	8/17	2/2
Choy Wai Shek Raymond	8/17	2/2

* extraordinary general meeting and annual general meeting held on 20 June 2013 and 2 September 2013 respectively

INTERNAL CONTROL

The Board has overall responsibility for maintaining a sound and effective internal control system of the Group. The Group's internal control system includes a well-defined management structure with limits of authority which is designed to achieve business objectives, safeguard assets against unauthorized use or disposition, ensure proper maintenance of books and records for the provision of reliable financial information for internal use or publication, and ensure compliance with relevant legislations and regulations. In addition, the Board also considers the adequacy of resources, staff qualification and experience, training programmes and budget of the Company's accounting and financial reporting function.



Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS

The Board adopts an open and transparent communication policy and encourages full disclosure to the public as a way to enhance corporate governance. The Board aims to provide the shareholders and the public with the necessary information to form their own judgement on the Company.

INDEPENDENT AUDITOR'S REMUNERATION

For the year ended 31 March 2014, the independent auditor of the Company received approximately HK\$880,000 for audit service (2013: approximately HK\$830,000) and approximately HK\$25,000 for non-audit service (2013: HK\$Nil).

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Board has adopted a new code of conduct regarding 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 as set out in Appendix 10 of the Listing Rules (the "Model Code"). The directors have confirmed that they have fully complied with the Model Code and the Company's code of conduct regarding directors' securities transactions during the year ended 31 March 2014.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparing the financial statements of the Group. The directors ensure the preparation of the consolidated financial statements of the Group is in accordance with the statutory requirements and applicable accounting standards. The directors also ensure the publication of the consolidated financial statements of the Group is in a timely manner.

The statement of the independent auditor of the Company regarding their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report of this annual report.

AUDIT COMMITTEE

The Company has established an audit committee. The terms of reference of the audit committee are consistent with the provisions set out in the relevant section of the Code.

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls, and financial reporting matters including the review of the consolidated financial statements. The audit committee comprises three independent non-executive directors, namely Mr. Ng Wing Hang Patrick (chairman of the audit committee), Mr. Ip Shing Hing and Mr. Choy Wai Shek Raymond.

The principal duties of the audit committee include the review and supervision of the Group's financial reporting system, financial statements and internal control procedures. It also acts as an important link between the Board and the Company's independent auditor in matters within the scope of the Group's audit.

The Group's interim results for the six months ended 30 September 2013 and the annual results for the year ended 31 March 2014 have been reviewed by the audit committee and recommended to the Board for approval.



Corporate Governance Report

During the financial year ended 31 March 2014, two meetings were held by the audit committee. The individual attendance record of each member of the audit committee is as follows:

	Number of meetings attended/eligible to attend
Ng Wing Hang Patrick (<i>Chairman of the audit committee</i>)	2/2
Ip Shing Hing	2/2
Choy Wai Shek Raymond	2/2

REMUNERATION COMMITTEE

The Company has established a remuneration committee. The terms of reference of the remuneration committee are consistent with the provisions set out in the relevant section of the Code.

The committee comprises three independent non-executive directors, namely Mr. Choy Wai Shek Raymond (chairman of the remuneration committee), Mr. Ip Shing Hing and Mr. Ng Wing Hang Patrick, and the Managing Director and Chief Executive of the Company, Mr. Derek Chiu.

The remuneration committee is principally responsible for formulating and making recommendation to the Board on the Group's policy and structure for all remuneration of directors and senior management. No director is involved in deciding his own remuneration.

During the financial year ended 31 March 2014, one meeting was held by the remuneration committee. The individual attendance record of each member of the remuneration committee is as follows:

	Number of meetings attended/eligible to attend
Choy Wai Shek Raymond (<i>Chairman of the remuneration committee</i>)	1/1
Ng Wing Hang Patrick	1/1
Ip Shing Hing	1/1
Derek Chiu	1/1

Corporate Governance Report

NOMINATION COMMITTEE

A nomination committee was established by the Board on 2 March 2012. The terms of reference of the nomination committee are consistent with the terms set out in the relevant provisions of the Code.

The committee comprises three independent non-executive directors, namely Mr. Ip Shing Hing (chairman of the nomination committee), Mr. Ng Wing Hang Patrick and Mr. Choy Wai Shek Raymond, and the Managing Director and Chief Executive of the Company, Mr. Derek Chiu.

The nomination committee is principally responsible for formulating and making recommendation to the Board regarding the composition of the Board. The nomination committee has also reviewed the structure, size and composition of the Board, recommended the re-appointment of directors and assessed the independence of independent non-executive directors.

During the financial year ended 31 March 2014, two meetings were held by the nomination committee. The individual attendance record of each member of the nomination committee is as follows:

	Number of meetings attended/eligible to attend
Ip Shing Hing (<i>Chairman of the nomination committee</i>)	2/2
Ng Wing Hang Patrick	2/2
Choy Wai Shek Raymond	2/2
Derek Chiu	2/2

COMPANY SECRETARY

Ms. Lim Yi Ping was appointed as company secretary of the Company (the "Company Secretary") on 29 November 2012. She resigned as the Company Secretary with effect from 23 September 2013 and Mr. Kwok Siu Man ("Mr. Kwok") was appointed to the position with effect from the same date.

Mr. Kwok was nominated by Boardroom Corporate Services (HK) Limited ("BCS") to assume such office and BCS has been providing certain corporate secretarial services to the Company pursuant to an engagement letter entered into between the Company and BCS. The primary person at the Company with whom Mr. Kwok has been contacting in respect of company secretarial matters is Mr. Derek Chiu, the managing director and chief executive, or his delegate.

As Mr. Kwok was first appointed as the company secretary of a Hong Kong Hang Seng Index constituent stock company in 1991 and has been acting in such capacity for a number of other reputable companies listed on the Stock Exchange at substantial times since then, he was not required to have at least 15 hours of relevant continuous professional development training in the year ended 31 March 2014 under the Listing Rules.



Corporate Governance Report

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy in September 2013 and discussed all measurable objectives set for implementing the policy.

The Company recognises and embraces the benefits of diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

BOARD'S CORPORATE GOVERNANCE FUNCTIONS

The Board has adopted the terms of reference of corporate governance functions set out in the code provision. The Board is responsible for performing the corporate governance functions of the Company. The Board has reviewed this corporate governance report in discharge of its corporate governance functions, ensuring compliance with the Listing Rules.

REMUNERATION OF DIRECTORS

Particulars of the directors' remuneration for the year ended 31 March 2014 are set out in note 9 to the consolidated financial statements.

SHAREHOLDERS' RIGHTS

The general meetings shall be convened by the directors on the requisition of shareholders pursuant to section 566 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The directors are required to call a general meeting if the Company has received requests to do so from shareholders representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings. A request must state the general nature of the business to be dealt with at the meeting, and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. Requests may consist of several documents in like form. A request may be sent to the Company in hard copy form or in electronic form, and must be authenticated by the person or persons making it.

For putting forward proposals at any general meeting or enquiries to the Board, a shareholder does so in writing to the Managing Director and Chief Executive of the Company. The letter shall state clearly the identity of the shareholder, the number of shareholding, correspondence address and telephone number, and the related suggestions and enquiries. The Company shall, in a reasonable and practicable manner, pass the said matter to the Board and respond according to the situation.



Corporate Governance Report

In addition, the Company may receive letters or phone enquiries from shareholders from time to time, and it shall, in a reasonable and practicable manner, respond as quickly as possible.

Contact particulars of the Company are as follows:

Suite 1902, 19th Floor
The Sun's Group Centre
200 Gloucester Road
Wanchai, Hong Kong
Tel: (852) 2744 9110
Fax: (852) 2785 3342
website: www.tricor.com.hk/websevice/00037
Office Hours: 9:00 a.m. to 5:00 p.m.
Monday to Friday (except public holidays)

CONSTITUTIONAL DOCUMENTS

Pursuant to Rule 13.90 of the Listing Rules, the Company has posted its articles of association on the respective websites of the Stock Exchange and the Company. During the year ended 31 March 2014, no amendments were made to the constitutional documents of the Company.

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

From time to time, the directors read materials on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the directors to enroll in a wide range of professional development courses and seminars so as to develop and refresh their professional skills.



Deloitte. 德勤

TO THE MEMBERS OF FAR EAST HOTELS AND ENTERTAINMENT LIMITED

遠東酒店實業有限公司

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Far East Hotels And Entertainment Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 24 to 90, which comprise the consolidated and company statements of financial position as at 31st March, 2014, and the 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 predecessor Hong Kong Companies Ordinance, Cap. 32, 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the predecessor Hong Kong Companies Ordinance, Cap. 32, 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 auditor's judgment, 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 auditor considers 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 31st March, 2014, and of the loss and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the predecessor Hong Kong Companies Ordinance, Cap. 32.

Deloitte Touche Tohmatsu

Certified Public Accountants
Hong Kong

24 June 2014



Consolidated Statement Of Profit Or Loss And Other Comprehensive (Expense) Income

For the year ended 31st March, 2014

	NOTES	2014 HK\$	2013 HK\$
Revenue	5	39,317,966	34,033,312
Cost of sales		(32,788,364)	(33,237,246)
Gross profit		6,529,602	796,066
Other income		1,224,597	1,164,203
Other gains and losses	6	(2,066,041)	1,151,995
Increase in fair value of investment properties		5,743,797	18,465,760
Administrative expenses		(17,649,032)	(13,392,158)
Finance costs	7	(919,491)	(921,002)
Share of results of associates		393,202	503,929
Share of result of a joint venture		2,394,723	4,243,721
(Loss) profit before taxation	8	(4,348,643)	12,012,514
Taxation	11	-	-
(Loss) profit for the year attributable to owners of the Company		(4,348,643)	12,012,514
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		190,447	54,203
Total comprehensive (expense) income for the year attributable to owners of the Company		(4,158,196)	12,066,717
(LOSS) EARNINGS PER SHARE	12		
Basic		(0.89) cents	2.46 cents
Diluted		(0.89) cents	2.45 cents



Consolidated Statement of Financial Position

At 31st March, 2014

	NOTES	2014 HK\$	2013 HK\$
Non-current assets			
Property, plant and equipment	13	80,419,123	84,511,539
Investment properties	14	106,428,000	105,665,660
Interests in associates	16	1,020,044	626,842
Interest in a joint venture	17	12,698,658	10,303,935
Loan to a joint venture	19	8,718,966	8,444,308
Available-for-sale investments	20	159,188,314	159,188,314
Paintings	21	3,921,217	3,921,217
		372,394,322	372,661,815
Current assets			
Held-for-trading investments	22	23,449,125	22,686,315
Inventories	23	534,488	575,892
Trade receivables	24	473,318	706,173
Other receivables, deposits and prepayment		1,939,283	790,997
Pledged bank deposits	25	2,118,000	2,118,000
Bank balances and cash	25	20,495,374	11,547,991
		49,009,588	38,425,368
Current liabilities			
Trade and other payables	26	8,372,194	9,461,907
Receipt in advance		3,525,494	1,779,532
Deposits received		2,509,253	2,448,351
Amount due to an associate	27	568,381	301,381
Amounts due to related companies	29	747,856	730,528
Amount due to a non-controlling shareholder	30	7,376,119	8,234,274
Bank borrowings – due within one year	31	2,888,548	8,908,000
Bank overdrafts	31	339,654	3,979,388
		26,327,499	35,843,361
Net current assets		22,682,089	2,582,007
Total assets less current liabilities		395,076,411	375,243,822



Consolidated Statement of Financial Position

At 31st March, 2014

	NOTES	2014 HK\$	2013 HK\$
Capital and reserves			
Share capital	32	308,099,513	48,884,268
Reserves		47,695,550	290,041,153
		355,795,063	338,925,421
Non-current liabilities			
Provision for long service payments	35	2,053,401	2,053,401
Bank borrowings – due after one year	31	37,227,947	34,265,000
		39,281,348	36,318,401
		395,076,411	375,243,822

The consolidated financial statements on pages 24 to 90 were approved and authorised for issue by the Board of Directors on 24 June 2014 and are signed on its behalf by:

DEREK CHIU
DIRECTOR

DEACON TE KEN CHIU
DIRECTOR



Statement of Financial Position

At 31st March, 2014

	NOTES	2014 HK\$	2013 HK\$
Non-current assets			
Property, plant and equipment	13	424,071	605,198
Investments in subsidiaries	15	51,802,589	50,618,731
Interests in associates	16	–	–
Interest in a joint venture	17	1,453,100	1,453,100
Amounts due from subsidiaries	18	102,001,373	107,778,576
Loan to a joint venture	19	8,718,966	8,444,308
Available-for-sale investments	20	157,026,351	157,026,351
Paintings	21	3,921,217	3,921,217
		325,347,667	329,847,481
Current assets			
Held-for-trading investments	22	540,000	518,000
Other receivables, deposits and prepayment		249,277	209,251
Pledged bank deposits	25	2,000,000	2,000,000
Bank balances and cash	25	18,436,305	9,602,782
		21,225,582	12,330,033
Current liabilities			
Other payables and accrued charges		1,255,963	1,129,989
Amounts due to subsidiaries	28	678,249	442,941
Amounts due to related companies	29	843,190	825,861
Bank borrowings – due within one year	31	2,245,348	8,908,000
Bank overdrafts	31	339,654	3,979,388
		5,362,404	15,286,179
Net current assets (liabilities)		15,863,178	(2,956,146)
Total assets less current liabilities		341,210,845	326,891,335

Statement of Financial Position

At 31st March, 2014

	NOTES	2014 HK\$	2013 HK\$
Capital and reserves			
Share capital	32	308,099,513	48,884,268
Reserves	33	10,424,285	258,926,167
		318,523,798	307,810,435
Non-current liabilities			
Provision for long service payments	35	895,900	895,900
Bank borrowings – due after one year	31	21,791,147	18,185,000
		22,687,047	19,080,900
		341,210,845	326,891,335

DEREK CHIU
DIRECTOR

DEACON TE KEN CHIU
DIRECTOR



Consolidated Statement of Changes in Equity

For the year ended 31st March, 2014

	Share capital	Share premium	Capital redemption reserve	Share option reserve	Translation reserve	Special reserve	Retained earnings	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
		(Note 33a)	(Note 33b)			(Note 33c)		
At 1st April, 2012	48,884,268	210,865,965	28,990,000	2,065,463	(2,876,512)	26,255,761	12,231,103	326,416,048
Profit for the year	-	-	-	-	-	-	12,012,514	12,012,514
Exchange differences arising on translation of foreign operations	-	-	-	-	54,203	-	-	54,203
Total comprehensive income for the year	-	-	-	-	54,203	-	12,012,514	12,066,717
Share-based payment expenses	-	-	-	442,656	-	-	-	442,656
Eliminate the Company's prior year loss against special reserve	-	-	-	-	-	(3,801,021)	3,801,021	-
At 31st March, 2013	48,884,268	210,865,965	28,990,000	2,508,119	(2,822,309)	22,454,740	28,044,638	338,925,421
Loss for the year	-	-	-	-	-	-	(4,348,643)	(4,348,643)
Exchange differences arising on translation of foreign operations	-	-	-	-	190,447	-	-	190,447
Total comprehensive income (expense) for the year	-	-	-	-	190,447	-	(4,348,643)	(4,158,196)
Shares issued upon exercise of share options	480,000	303,360	-	-	-	-	-	783,360
Placement of new shares	18,575,920	-	-	-	-	-	-	18,575,920
Share-based payment expenses	-	-	-	1,668,558	-	-	-	1,668,558
Eliminate the Company's prior year loss against special reserve	-	-	-	-	-	(5,892,657)	5,892,657	-
Transfer upon abolition of par value under new Hong Kong Companies Ordinance	240,159,325	(211,169,325)	(28,990,000)	-	-	-	-	-
At 31st March, 2014	308,099,513	-	-	4,176,677	(2,631,862)	16,562,083	29,588,652	355,795,063



Consolidated Statement of Cash Flows

For the year ended 31st March, 2014

	2014 HK\$	2013 HK\$
Operating activities		
(Loss) profit before taxation	(4,348,643)	12,012,514
Adjustments for:		
Derecognition of investment property	4,981,457	–
Increase in fair value of investment properties	(5,743,797)	(18,465,760)
Share of results of associates	(393,202)	(503,929)
Share of result of a joint venture	(2,394,723)	(4,243,721)
Increase in fair value of held-for-trading investments	(2,932,912)	(1,013,397)
Imputed interest income from loan to a joint venture	(274,380)	(265,744)
Interest income	(5,445)	(5,847)
Depreciation of property, plant and equipment	8,786,162	8,536,817
Finance costs	919,491	921,002
Loss on disposal of property, plant and equipment	29,531	10,043
Share-based payment expenses	1,668,558	442,656
Decrease in provision for long service payments	–	62,452
	292,097	(2,512,914)
Operating cash flows before movements in working capital	2,170,102	1,841,577
Decrease in held-for-trading investments	41,404	8,005
Decrease in inventories	232,855	(110,725)
Decrease (increase) in trade receivables	(1,136,042)	503,217
(Increase) decrease in other receivables, deposits and prepayment	(1,218,370)	4,231,578
(Decrease) increase in trade and other payables	1,745,962	440,768
Increase in receipt in advance	11,144	(1,824,062)
Increase (decrease) in deposits received	(1,008,700)	4,210,005
(Decrease) increase in amount due to a non-controlling shareholder	1,130,452	6,787,449
Net cash from operating activities	1,130,452	6,787,449



Consolidated Statement of Cash Flows

For the year ended 31st March, 2014

	2014 HK\$	2013 HK\$
Investing activities		
Interest received	5,445	5,847
Acquisition of property, plant and equipment	(4,218,265)	(6,072,552)
Advance to a joint venture	(278)	(1,276)
Net cash used in investing activities	(4,213,098)	(6,067,981)
Financing activities		
Proceeds from issue of shares upon exercise of share options	783,360	–
Proceeds from placement of new shares	18,575,920	–
New bank borrowings raised	–	5,000,000
Repayment of bank borrowings	(3,056,505)	(4,408,000)
Interest paid on bank borrowings	(919,491)	(921,002)
Advance from an associate	267,000	240,000
Advances from related companies	17,328	56,543
Net cash from (used in) financing activities	15,667,612	(32,459)
Net increase in cash and cash equivalents	12,584,966	687,009
Cash and cash equivalents brought forward	7,568,603	6,884,367
Effect of foreign exchange rate changes	2,151	(2,773)
Cash and cash equivalents carried forward	20,155,720	7,568,603
Represented by		
Bank balances and cash	20,495,374	11,547,991
Bank overdrafts	(339,654)	(3,979,388)
	20,155,720	7,568,603

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

1. GENERAL

The Company is a public limited company incorporated in Hong Kong with its shares listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed in the section headed “Corporate information” in the annual report.

The Company is an investment holding company and provides corporate management services to its subsidiaries. The activities of its principal subsidiaries are set out in note 15.

The consolidated financial statements are presented in Hong Kong dollars, which is the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“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 Amendments to HKFRS 7	Annual Improvements to HKFRSs 2009-2011 Cycle 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.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

HKFRS 11 *Joint arrangements*

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). Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of parties to the joint arrangements. In contrast, under HKAS 31, there were 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 classified as a jointly controlled entity).

In addition, joint ventures under HKFRS 11 are required to account for using the equity method, whereas jointly controlled entities under HKAS 31 could be accounted for using the equity method of accounting or proportionate consolidation.

The directors of the Company reviewed and assessed the classification of the Group’s investments in joint arrangements in accordance with the requirements of HKFRS 11. The directors concluded that the Group’s joint arrangements, which were classified as jointly controlled entities under HKAS 31 and were accounted for using the equity method, should be classified as joint ventures under HKFRS 11 and continue to be accounted for using the equity method up to the date the joint arrangements are classified as assets held for sale.

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.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

HKFRS 13 Fair Value Measurement (Continued)

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 2013 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. Disclosure of fair value of the Group’s investment properties and available-for-sale investments are made in notes 14 and 20, respectively.

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’. 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.

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



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and revised HKFRSs issued but not 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
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 Acquisition 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
HKFRS 9	Financial Instruments ³
HK(IFRIC)-Int 21	Levies ¹

¹ Effective for annual periods beginning on or after 1st January, 2014

² Effective for annual periods beginning on or after 1st 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 1st July, 2014, with limited exceptions

⁵ Effective for annual periods beginning on or after 1st January, 2016



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities’ credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an ‘economic relationship’. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

The directors anticipate that the adoption of HKFRS 9 in the future may have an impact on the measurement and classification of the Group’s available-for-sales investments, which will be measured at fair value. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the predecessor Hong Kong Companies Ordinance, Cap. 32. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values, 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 or 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.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where 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 and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

Property, plant and equipment

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

Depreciation is recognised so as to write off the cost of assets 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.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

If an item of property, plant and equipment becomes an investment property because it 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.

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 capital appreciation. 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 using the fair value model. 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.

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 profit or loss in the period in which the property is derecognised.

Subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss.

Income and expenses of a subsidiary are accounted for by the Company on the basis of dividends received and receivable during the year.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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.

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.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Associates and joint ventures *(Continued)*

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.

In the Company's statement of financial position, the interest in an associate or joint venture is stated at cost less any identified impairment.

Paintings

Paintings are stated at cost less any identified impairment loss.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives 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. Where 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 to sell 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 as income immediately in profit or loss.

Inventories

Inventories, representing inventories of goods, beverages and general stores, 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 necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position 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.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss ("FVTPL"), available-for-sale 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.

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.

Financial assets at FVTPL

Financial assets at FVTPL comprise financial assets held for trading.

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.

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

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 (including trade and other receivables, amounts due from subsidiaries, loan to a joint venture, pledged bank deposits and bank balances) are measured at amortised cost using the effective interest method, less any identified impairment losses.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as any other categories of financial assets.

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

Available-for-sale investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

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 an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment 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 default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and amounts due from subsidiaries, 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 such 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 available-for-sale 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 in which impairment takes place.

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

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve. For available-for-sale 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 the Group after deducting all of its liabilities. Equity instruments issued by the group entities 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.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

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.

Financial liabilities

Financial liabilities (including trade and other payables, amount due to an associate, related companies, a non-controlling shareholder and subsidiaries, bank borrowings and bank overdrafts) are subsequently measured at amortised cost, using the effective interest method.

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 original or modified terms of a debt instrument.

A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract 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 policy.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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.

The Group derecognised 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.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the operation of hotels is recognised when services are rendered.

Rental income under operating leases is recognised in profit or loss on a straight-line basis over the terms of the relevant leases.

Dividend income from investments is recognised when the Group's right to receive payment have been established provided that it is probable that the economic benefits will flow to the Group and the amount of revenue 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.

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the date of grant is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option 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 during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

When share options are exercised, the amount previously recognised in the share option 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 option reserve will be transferred to retained profits.

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

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.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

The Group as lessee

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.

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 recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) 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 that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

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. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, 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 translation reserve.

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.

Retirement benefit costs

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



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Taxation 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 taxation” as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and the 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 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 interest in a joint arrangement, 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.

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.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

For the purposes of measuring deferred tax 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.

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 judgements in applying accounting policies

The following are the critical judgements, 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 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. 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 as the Group is not subject to any income taxes on disposal of its investment properties.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Critical judgements in applying accounting policies *(Continued)*

Classification of properties

The Group has rented certain land and buildings (the “Rented Premises”) from a non-controlling shareholder of a subsidiary for a lease term of 28 years (the “Lease”).

In determining the classification of the Lease as an operating lease or finance lease under HKAS 17 *Leases*, the directors examined the terms of the Lease and evaluated the extent to which the risks and rewards incidental to the ownership of Rented Premises lie with the Group as the lessee, or the lessor. In making their judgement, the directors considered the indicators of classification of a lease as a finance lease set out in HKAS 17 *Leases*. Taking into account the facts and circumstances, that (i) the Group has no option to purchase the Rented Premises at the end of the lease term; and (ii) the lease term of the Lease does not form a major part of economic life of the Rented Premises and the renewal of the Lease is subject to further negotiation with the landlord, the directors are satisfied that the terms of the Lease have not transferred substantially all the risks and rewards of ownership to the Group and the Lease is therefore classified by the Group as an operating lease. For the purpose of modifying the Rented Premises as serviced apartments and office for sub-letting purpose, expenditure of HK\$102,365,157 (2013: HK\$101,297,215) was incurred by the Group and was classified as property, plant and equipment in the consolidated statement of financial position. The carrying amount of these modification costs amounted to HK\$34,797,603 (2013: HK\$38,784,053) as at 31st March, 2014. The operating lease commitment in respect of the Lease is set out in note 38.

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.

Fair value of investment properties

Investment properties are stated at fair value based on the valuation performed by an independent professional valuer and certain assumptions including the market conditions which are set out in note 14. Specifically, the directors have performed an internal assessment on the potential risk of dispossession in relation to the Group’s investment properties. Certain properties are considered having risks of dispossession or suspected trespass. In determining the fair value of the Group’s investment properties, the directors have taken into consideration the restriction on use of investment properties as detailed in note 14.

Changes to these assumptions, including the potential risk of dispossession would result in changes in the fair values of the Group’s investment properties and the corresponding adjustments to the amount of gain reported in the consolidated statement of profit or loss and other comprehensive income.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Deferred taxation on unused tax losses

As at 31st March, 2014, a deferred tax asset in relation to unused tax losses of approximately HK\$8,506,000 (2013: HK\$9,304,000) has been recognised in the consolidated statement of financial position, details of which are set out in note 34. No deferred tax asset has been recognised in respect of tax losses of approximately HK\$174,288,000 and HK\$169,861,000 as at 31st March, 2014 and 2013, respectively, 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 case where the actual future profits generated are more or less than expected, an additional recognition or a reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a recognition or reversal takes place.

5. REVENUE AND SEGMENT INFORMATION

Revenue from major business operations

An analysis of the Group's revenue representing the aggregate amount of income from hotel operations and gross rental income from property letting, is as follows:

	2014 HK\$	2013 HK\$
Income from hotel operations		
– Hotel room revenue	14,793,570	16,406,040
– Food and beverages	9,049,452	9,937,370
Gross rental income from properties	15,474,944	7,689,902
	39,317,966	34,033,312

Segment information

Information reported to the chief operating decision maker, who are the executive directors of the Company, for the purposes of resource allocation and assessment of segment performance is based on the financial information of subsidiaries engaged in different operations at different locations. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

The Group's operating and reportable segments are as follows:

1. Hotel operation in Hong Kong
2. Hotel operation and serviced property letting in The People's Republic of China, excluding Hong Kong ("PRC")
3. Property investment in Hong Kong
4. Securities investment and trading

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

Segment revenues and results

The following is an analysis of the Group's revenue and (loss) profit by operating and reportable segments:

	2014				Total HK\$
	Hotel operation in Hong Kong HK\$	Hotel operation and serviced property letting in PRC HK\$	Property investment in Hong Kong HK\$	Securities investment and trading HK\$	
Revenue	22,235,667	17,082,299	-	-	39,317,966
Segment profit	5,342,911	1,292,617	3,308,633	3,877,683	13,821,844
Unallocated gains and losses					4,834
Unallocated expenses					(17,649,032)
Unallocated finance costs					(919,491)
Share of results of associates					393,202
Loss before taxation					(4,348,643)
Taxation					-
Loss for the year					(4,348,643)

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

Segment revenues and results (Continued)

	2013				Total HK\$
	Hotel operation in Hong Kong HK\$	Hotel operation and serviced property letting in PRC HK\$	Property investment in Hong Kong HK\$	Securities investment and trading HK\$	
Revenue	22,526,648	11,506,664	–	–	34,033,312
Segment profit (loss)	5,362,610	(4,499,058)	23,056,380	1,906,009	25,825,941
Unallocated gains and losses					(4,196)
Unallocated expenses					(13,392,158)
Unallocated finance costs					(921,002)
Share of results of associates					503,929
Profit before taxation					12,012,514
Taxation					–
Profit for the year					12,012,514

The accounting policies adopted in preparing the reportable segments are the same as the Group's accounting policies described in note 3. Segment result represents the profit (loss) from each segment without allocation of certain other gains and losses, corporate expenses including auditor's remuneration, directors' remuneration and administrative staff costs, unallocated finance costs, share of results of associates and taxation.

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

Segment revenues and results (Continued)

Revenue from external customer(s) included in hotel operation and serviced property letting in the PRC segment contributing over 10% of the total revenue of the Group are as follows:

	2014 HK\$	2013 HK\$
Customer A	4,262,104	4,185,581
Customer B	10,417,665	–
	14,679,769	4,185,581

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

Segment assets and liabilities

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

	2014 HK\$	2013 HK\$
Segment assets		
Hotel operation in Hong Kong	22,885,822	24,955,418
Hotel operation and serviced property letting in PRC	45,750,386	45,832,527
Property investment in Hong Kong	132,862,063	124,424,182
Securities investment and trading	22,965,368	22,731,130
	<hr/>	<hr/>
Total segment assets	224,463,639	217,943,257
Available-for-sale investments	159,188,314	159,188,314
Paintings	3,921,217	3,921,217
Other unallocated assets	33,830,740	30,034,395
	<hr/>	<hr/>
Consolidated assets	421,403,910	411,087,183
	<hr/>	<hr/>
Segment liabilities		
Hotel operation in Hong Kong	3,437,794	3,695,576
Hotel operation and serviced property letting in PRC	18,013,208	17,992,935
Property investment in Hong Kong	25,900	29,900
Securities investment and trading	80,000	80,000
	<hr/>	<hr/>
Total segment liabilities	21,556,902	21,798,411
Bank borrowings and bank overdrafts	40,456,149	47,152,388
Other unallocated liabilities	3,595,796	3,210,963
	<hr/>	<hr/>
Consolidated liabilities	65,608,847	72,161,762
	<hr/>	<hr/>

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

- all assets are allocated to reportable segments other than paintings, interests in associates, available-for-sale investments, amounts due from associates and other unallocated corporate assets.
- all liabilities are allocated to reportable segments other than amount due to an associate and related companies, bank borrowings and bank overdrafts, provision for long service payments (other than those staff employed for hotel operation) and other unallocated corporate liabilities.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

Other segment information

The following segment information is included in the measurement of segment profit or loss and segment assets and segment liabilities:

2014	Hotel operation in Hong Kong	Hotel operation and serviced property letting in PRC	Property investment in Hong Kong	Securities investment and trading	Segment total	Unallocated	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Capital additions	265,090	3,946,377	-	-	4,211,467	6,798	4,218,265
Depreciation of property, plant and equipment	2,696,408	5,319,407	-	-	8,015,815	770,347	8,786,162
Derecognition of investment property	-	-	4,981,437	-	4,981,437	-	4,981,437
Increase in fair value of investment properties	-	-	5,743,797	-	5,743,797	-	5,743,797
Finance costs	-	-	-	-	-	919,491	919,491
Share of result of a joint venture	-	-	2,394,723	-	2,394,723	-	2,394,723
Increase in fair value of held-for-trading investments	-	-	-	2,932,912	2,932,912	-	2,932,912
Interest in a joint venture	-	-	12,698,658	-	12,698,658	-	12,698,658

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

Other segment information (Continued)

	Hotel operation and serviced	Hotel operation in Hong Kong	Hotel property letting in PRC	Property investment in Hong Kong	Securities investment and trading	Segment total	Unallocated	Total
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Capital additions		431,331	5,612,121	-	-	6,043,452	29,100	6,072,552
Depreciation of property, plant and equipment		2,815,810	4,866,084	-	-	7,681,894	854,923	8,536,817
Increase in fair value of investment properties		-	-	18,465,760	-	18,465,760	-	18,465,760
Finance costs		-	-	-	-	-	921,002	921,002
Share of result of a joint venture		-	-	4,243,721	-	4,243,721	-	4,243,721
Increase in fair value of held-for-trading investments		-	-	-	1,013,397	1,013,397	-	1,013,397
Interest in a joint venture		-	-	10,303,935	-	10,303,935	-	10,303,935

Geographical information

The Group's operations are located in Hong Kong and the PRC.

The Group's revenue from external customers and the Group's non-current assets by geographical location are analysed below.

	Revenue from external customers		Non-current assets (Note)	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
Hong Kong	22,235,667	22,526,648	169,067,926	168,438,482
PRC	17,082,299	11,506,664	44,138,082	45,035,019
	39,317,966	34,033,312	213,206,008	213,473,501

Note: Non-current assets exclude available-for-sale investments.

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

6. OTHER GAINS AND LOSSES

	2014 HK\$	2013 HK\$
Other gains and losses include:		
Increase in fair value of held-for-trading investments	2,932,912	1,013,397
Loss on disposal of property, plant and equipment	(29,531)	(10,043)
Loss on derecognition of investment property	(4,981,457)	–
	<u> </u>	<u> </u>

7. FINANCE COSTS

	2014 HK\$	2013 HK\$
Interests on bank borrowings:		
Wholly repayable within five years	796,565	371,910
Not wholly repayable within five years	122,926	549,092
	<u> </u>	<u> </u>
	<u>919,491</u>	<u>921,002</u>



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

8. (LOSS) PROFIT BEFORE TAXATION

	2014 HK\$	2013 HK\$
(Loss) profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	8,786,162	8,536,817
Auditor's remuneration	961,496	829,229
Directors' remuneration and other staff costs		
Salaries, bonus and allowances	11,712,481	12,000,483
Retirement benefits cost	901,189	883,453
Share-based payment expenses	1,668,558	442,656
	14,282,228	13,326,592
Operating lease rentals in respect of rented premises	6,247,136	6,134,506
Share of taxation of associates (included in share of results of associates)	65,677	85,158
Cost of inventories recognised as an expense	3,670,435	4,361,652
and crediting:		
Net rental income from properties (Note)	10,054,960	2,449,173
Dividend income from held-for-trading investments (included in other income)	944,772	892,612
Imputed interest income from loan to a joint venture (included in other income)	274,380	265,744
Bank interest income (included in other income)	5,235	5,330
Other interest income (included in other income)	210	517
	14,282,228	13,326,592

Note: Net rental income is arrived at after deducting:

- (a) Outgoings from properties that generated rental income during the year of HK\$5,295,675 (2013: HK\$5,200,594); and
- (b) Outgoings from properties that did not generate rental income during the year of HK\$124,309 (2013: HK\$67,488).

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

9. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the directors were as follows:

Name of directors	Fees HK\$	Salaries and other benefits	Retirement benefit schemes contributions	Share-based payments	Total HK\$
		HK\$	HK\$	HK\$	
2014					
Mr. Deacon Te Ken Chiu	20,000	-	-	354,384	374,384
Mr. Derek Chiu	10,000	851,216	15,000	354,384	1,230,600
Ms. Margaret Chiu	10,000	132,000	6,600	147,660	296,260
Madam Chiu Ju Ching Lan	10,000	360,000	-	147,660	517,660
Mr. Dick Tat Sang Chiu	10,000	-	-	-	10,000
Mr. Ip Shing Hing	120,000	-	-	147,660	267,660
Mr. Ng Wing Hang	120,000	-	-	147,660	267,660
Mr. Choy Wai Shek	120,000	-	-	147,660	267,660
Mr. Desmond Chiu (resigned on 3rd September, 2013)	4,247	-	-	-	4,247
	424,247	1,343,216	21,600	1,447,068	3,236,131
2013					
Mr. Deacon Te Ken Chiu	20,000	-	-	-	20,000
Mr. Derek Chiu	10,000	859,294	14,250	442,656	1,326,200
Ms. Margaret Chiu	10,000	132,000	7,500	-	149,500
Madam Chiu Ju Ching Lan	10,000	360,000	-	-	370,000
Mr. Dick Tat Sang Chiu	10,000	-	-	-	10,000
Mr. Dennis Chiu (resigned on 29th November, 2012)	6,630	-	-	-	6,630
Mr. Duncan Chiu (resigned on 9th May, 2012)	1,041	-	-	-	1,041
Mr. Ip Shing Hing	120,000	-	-	-	120,000
Mr. Ng Wing Hang	120,000	-	-	-	120,000
Mr. Choy Wai Shek	120,000	-	-	-	120,000
Mr. Desmond Chiu	10,000	-	-	-	10,000
	437,671	1,351,294	21,750	442,656	2,253,371

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

9. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

Certain leasehold land and building of the Group with estimated rateable value of approximately HK\$740,400 (2013: HK\$688,800) was occupied by Mr. Derek Chiu as his residence.

Mr. Derek Chiu is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

No emolument was paid to any directors as an inducement to join or upon joining the Group or as compensation for loss of office in both years ended 31st March, 2014 and 2013.

No directors waived any of their emoluments in both years ended 31st March, 2014 and 2013.

10. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2013: two) were directors whose emoluments are disclosed in note 9 above. The emoluments of the remaining three (2013: three) individuals whose emoluments are less than HK\$1,000,000 were as follows:

	2014 HK\$	2013 HK\$
Salaries and other benefits	1,385,147	1,328,162
Retirement benefit schemes contributions	45,000	42,750
Share-based payments	221,490	–
	1,651,637	1,370,912

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

11. TAXATION

No provision for Hong Kong Profits Tax is required as the individual companies comprising the Group either incurred a loss or has tax losses brought forward from prior years to offset the assessable profits.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate for the PRC subsidiary is 25%. No provision for PRC Enterprise income tax is required as the subsidiary operating in the PRC has tax losses brought forward from prior years to offset the assessable profits.

Taxation for the year can be reconciled to the (loss) profit before taxation per the consolidated statement of profit or loss and other comprehensive (expenses) income as follows:

	2014 HK\$	2013 HK\$
(Loss) profit before taxation	(4,348,643)	12,012,514
Tax at the Hong Kong Profits Tax rate of 16.5% (note)	(717,526)	1,982,065
Tax effect of share of results of associates	(64,878)	(83,148)
Tax effect of share of result of a joint venture	(395,129)	(700,214)
Tax effect of expenses not deductible for tax purposes	1,013,812	431,141
Tax effect of income not taxable for tax purposes	(296,863)	(3,238,858)
Tax effect of tax losses not recognised	2,172,293	1,893,272
Tax effect of utilisation of tax losses previously not recognised	(1,298,007)	(499,507)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(360,642)	232,605
Others	(53,060)	(17,356)
Taxation for the year	-	-

Note: Hong Kong Profits Tax is used as the domestic tax rate as Hong Kong is the place where the operation of the Group is substantially based.

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

12. (LOSS) EARNINGS PER SHARE

The calculation of basic and diluted (loss) earnings per share is based on the loss for the year of HK\$4,348,643 (2013: profit of HK\$12,012,514) and the number of shares as calculated below.

	2014	2013
Weighted average number of ordinary shares for the purpose of basic earnings per share	490,896,943	488,842,675
Effect of dilutive potential ordinary shares from share options	-	550,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	490,896,943	489,392,675

During the year ended 31st March, 2014, the computation of diluted loss per share (2013: earnings per share) does not assume the exercise of all (2013: certain) of the Company's share options because the exercise price of those share options was higher than the average market price for shares of the Company for the year when those options were outstanding.

The denominators used in the calculation of both basic and diluted loss per share (2013: earnings per share) for the year ended 2014 are the same as those detailed above.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

13. PROPERTY, PLANT AND EQUIPMENT

	THE GROUP					THE COMPANY	
	Modification costs to superstructure HK\$ (Note)	Leasehold land and buildings in Hong Kong under medium-term lease Hotel property HK\$	Other properties HK\$	Leasehold improvements HK\$	Furniture, fixtures, equipment, motor vehicles and others HK\$	Total HK\$	Furniture fixtures, equipment, motor vehicles and others HK\$
COST							
At 1st April, 2012	95,626,403	37,323,408	21,789,442	11,512,059	41,820,246	208,071,558	1,904,519
Exchange adjustments	195,921	-	-	32,401	39,591	267,913	-
Additions	5,474,891	-	-	111,092	486,569	6,072,552	-
Disposals	-	-	-	-	(12,156)	(12,156)	(12,156)
At 31st March, 2013	101,297,215	37,323,408	21,789,442	11,655,552	42,334,250	214,399,867	1,892,363
Exchange adjustments	1,067,942	-	-	162,091	196,060	1,426,093	-
Additions	-	-	-	2,666,768	1,551,497	4,218,265	6,798
Disposals	-	-	-	-	(303,877)	(303,877)	(14,700)
At 31st March, 2014	102,365,157	37,323,408	21,789,442	14,484,411	43,777,930	219,740,348	1,884,461
DEPRECIATION							
At 1st April, 2012	58,241,797	21,398,776	4,695,270	4,382,358	32,461,119	121,179,320	1,099,998
Exchange adjustments	127,778	-	-	7,119	39,407	174,304	-
Provided for the year	4,143,587	746,472	454,895	822,056	2,369,807	8,536,817	189,280
Eliminated on disposals	-	-	-	-	(2,113)	(2,113)	(2,113)
At 31st March, 2013	62,513,162	22,145,248	5,150,165	5,211,533	34,868,220	129,888,328	1,287,165
Exchange adjustments	678,036	-	-	47,198	195,847	921,081	-
Provided for the year	4,376,356	746,472	454,895	1,050,762	2,157,677	8,786,162	187,312
Eliminated on disposals	-	-	-	-	(274,346)	(274,346)	(14,087)
At 31st March, 2014	67,567,554	22,891,720	5,605,060	6,309,493	36,947,398	139,321,225	1,460,390
CARRYING VALUES							
At 31st March, 2014	34,797,603	14,431,688	16,184,382	8,174,918	6,830,532	80,419,123	424,071
At 31st March, 2013	38,784,053	15,178,160	16,639,277	6,444,019	7,466,030	84,511,539	605,198

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

Note: Modification costs to superstructure relate to costs incurred for restructuring and modification of the rented premises in the PRC.

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings	Over the shorter of the terms of the lease, or 50 years
Leasehold improvements	33.3%
Furniture, fixtures, equipment, motor vehicles and others	10% to 33.3%

14. INVESTMENT PROPERTIES

	THE GROUP	
	2014 HK\$	2013 HK\$
At 1st April	105,665,660	87,199,900
Derecognition	(4,981,457)	–
Increase in fair value recognised in profit or loss	5,743,797	18,465,760
At 31st March	106,428,000	105,665,660

All of the Group's property interests which are 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 investment properties which are stated at fair value at the end of the reporting period are situated in Hong Kong and are held under medium-leases.

On 12 November 2013, the High Court of Hong Kong Special Administrative Region dismissed the claims filed by a subsidiary of the Group and a related company controlled by Mr. Deacon Te Ken Chiu and his family (the "Chiu family") as a trustee for the Group against the relevant unauthorised occupiers in respect of the possession of seven plots of agricultural land in Survey District No. 4, Lai Chi Kok. The titles in these plots of land were extinguished and accordingly, the respective plots of land with carrying amount of HK\$4,981,457 were derecognised and charged to profit or loss during the year.

In view of this, the directors have performed an internal assessment on the potential risk of dispossession in relation to the Group's other investment properties. Certain properties are considered having risks of dispossession or suspected trespass. The directors have taken into account the potential risk of dispossession in determining the fair value of the Group's investment properties.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

14. INVESTMENT PROPERTIES (Continued)

The Group engaged an independent qualified professional valuer to perform the valuation of the Group's investment properties. At the end of each reporting period, the Group works closely with the qualified external valuer to establish and determine the appropriate valuation techniques and inputs to the model. In estimating the fair value of investment properties, the Group uses market-observable data to the extent it is available and taking into consideration the restriction on use of investment properties resulted from the dispossession or suspected trespass as the potential risk of dispossession is a characteristic of the asset which would transfer to market participants based on the principle of fair value measurement set out in HKFRS 13.

The fair values of the Group's investment properties at 31st March, 2014 and 2013 have been determined by the directors of the Company with reference to the valuation carried out on that date by Chung, Chan & Associates, an independent qualified professional valuer not connected with the Group. The valuation was arrived at by adopting the direct comparison approach making reference to the recent transactions of similar properties under the prevailing property market conditions. In the valuation under direct comparison approach, which falls under Level 3 of the fair value hierarchy, market unit rate and the ex-gratia compensation rates of comparable properties are the key inputs for the Group's residential unit and the land respectively. The higher/lower the market unit rate or ex-gratia compensation rate, the higher/lower the fair value. The adopted market unit rate for the Group's residential unit is HK\$1,783 per square feet and the ex-gratia compensation rates for the Group's interests in various lots of land in Peng Chau and Survey District No. 4 is HK\$233 and HK\$739 per square feet, respectively, which have been adjusted for the conditions and locations of the properties. In addition, the directors consider the fair value of properties with risk of dispossession to be HK\$1 taking into account the restriction of use due to dispossession.

There has been no change from the valuation technique used in the prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

There were no transfers into or out of Level 3 during the year.

Certain investment properties with a carrying value of HK\$99,909,000 (2013: HK\$87,563,000) are registered in the name of a company controlled by the Chiu family as trustee for the Group.

15. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2014 HK\$	2013 HK\$
Unlisted shares	97,811,197	96,627,339
Less: Impairment loss recognised	(46,008,608)	(46,008,608)
	51,802,589	50,618,731

Cost of investments in subsidiaries includes an amount of HK\$8,601,979 (2013: HK\$7,418,121) representing the difference between the carrying amount of interest-free loans advanced to the subsidiaries, the settlement of which is neither planned nor likely to occur in the foreseeable future, and the present value of the estimated future cash flows discounted at an effective interest rate of 3.00% (2013: 3.00%) per annum.

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

15. INVESTMENTS IN SUBSIDIARIES (Continued)

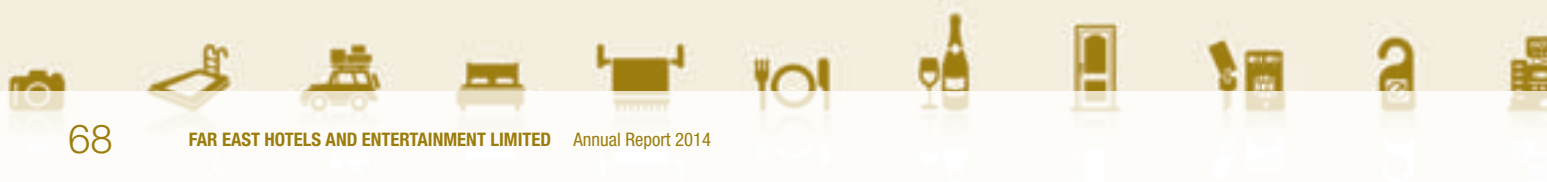
Particulars of the principal subsidiaries are as follows:

Name of subsidiary	Issued and fully paid ordinary share capital/ registered capital	Proportion of issued share capital/ registered capital held by the Company		Principal activities
		2014 %	2013 %	
<i>Direct subsidiaries</i>				
Alabama Investment Company Limited	HK\$9,000	97.8	97.8	Hotel operation
Kingwell Century Limited	HK\$2	100	100	Property holding
Lai Chi Kok Amusement Park Company, Limited	HK\$25,200,000	100	100	Property investment
Mainstar International Limited	HK\$1	100	100	Property investment
Rex Entertainment Limited	HK\$100,000	100	100	Property investment
<i>Indirect subsidiaries</i>				
Beijing Hai Lian Property Management Co., Ltd.	RMB25,115,180 Paid up registered capital	90	90	Property investment and service apartments operation
Oneyon Limited	HK\$2	100	100	Investment holding
Tradeland Investments Limited	HK\$250,000	100	100	Investment holding
Yuk Sue Investment Limited	HK\$2	100	100	Securities trading and investment

The directors of the Company are of the opinion that a complete list of the particulars of all subsidiaries of the Company will be of excessive length and therefore the above list contains only the particulars of principal subsidiaries which have a significant impact on the results or assets of the Group.

All subsidiaries are incorporated and operate in Hong Kong except for Sintex Holdings Limited which is incorporated in the British Virgin Islands, and Beijing Hai Lian Property Management Co., Ltd. which is a sino-foreign equity joint venture registered and operate in the PRC.

None of the subsidiaries had any debt securities outstanding at the end of the year and during the year.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

16. INTERESTS IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
Unlisted shares, at cost	212,578,511	212,578,511	-	212,578,509
Share of post-acquisition results and reserves, net of dividends received	(211,558,467)	(211,951,669)	-	-
Impairment loss recognised	-	-	-	(212,578,509)
	1,020,044	626,842	-	-

The financial year end date of certain associates is 31st December which is different from that of the Company. For the purpose of applying the equity method of accounting, their financial statements for the year ended 31st December, 2013 (2013: 31st December, 2012) have been adopted and adjusted for the effects of significant transactions, if any, that occur from 1st January, 2014 to 31st March, 2014 (2013: 1st January, 2013 to 31st March, 2013).

Particulars of the major associate are as follows:

Name of associate	Place of incorporation/operation	Issued share capital	Proportion of nominal value of issued share capital held by the Group		Principal activities
			2014	2013	
			%	%	
Bolan Holdings N.V. ("Bolán")	Curacao/ Australia	US\$100 Common shares US\$6,000 Non-cumulative 5% preference shares	-	45	Property investment
Central More Limited ("Central More")	Hong Kong	HK\$2 Ordinary shares	50	50	Property development
Nob Hill Management Limited ("Nob Hill")	Hong Kong	HK\$1 Ordinary shares	50	50	Property management

All of these associates are accounted for using equity method in these consolidated financial statements. The Group has discontinued recognition of its share of loss of Bolán for both years. During the year, the Group's interest in Bolán has been diluted to 0.034% upon the subscription of the new shares by the other shareholder of Bolán. No gain or loss has been recognised on this deemed disposal.

Aggregate financial information of Central More and Nob Hill is not individually material to the Group.

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

17. INTEREST IN A JOINT VENTURE

	THE GROUP		THE COMPANY	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
Unlisted investment	1,453,100	1,453,100	1,453,100	1,453,100
Share of post-acquisition result	11,245,558	8,850,835	-	-
	12,698,658	10,303,935	1,453,100	1,453,100

Cost of investments in joint venture includes an amount of HK\$1,453,050 (2013: HK\$1,453,050) representing the difference between the carrying amount of interest-free loan advanced to the joint venture, the settlement of which is neither planned nor likely to occur in the foreseeable future, and the present value of the estimated future cash flows discounted at an effective interest rate of 3.25% (2013: 3.25%) per annum.

The interest in a joint venture represents a 50% (2013: 50%) interest in the issued capital of Sino Noble Development Limited ("Sino Noble"), a company incorporated in Hong Kong. Sino Noble is principally engaged in property investment.

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

The financial information in respect of a joint venture of the Group which is accounted for using the equity method is set out below:

	2014 HK\$	2013 HK\$
Non-current assets	41,800,000	37,000,000
Current liabilities	16,402,684	16,392,129
Non-current liabilities	-	-
	2014 HK\$	2013 HK\$
Income	4,800,000	8,500,000
Expenses	10,555	12,558

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

18. AMOUNTS DUE FROM SUBSIDIARIES

	THE COMPANY	
	2014 HK\$	2013 HK\$
Amounts due from subsidiaries	281,185,897	286,963,100
Less: Allowance for doubtful debts	(179,184,524)	(179,184,524)
	102,001,373	107,778,576

The directors review the carrying value of the amounts due from subsidiaries at the end of each reporting period. The recoverable amount of the amounts due from subsidiaries is estimated by directors based on the expected future cash flows generated from the operation of these subsidiaries.

The Company considers that the amounts due from subsidiaries are not expected to be settled within the next twelve months from the end of the reporting period and are therefore classified as non-current assets.

Amounts due from subsidiaries are unsecured and have no fixed repayment terms. Except for an amount of HK\$75,261,781 (2013: HK\$78,524,636) which bears interest at Hong Kong Dollar Prime Rate minus 4% (2013: at Hong Kong Dollar Prime Rate minus 4%), the remaining amount of HK\$26,739,592 (2013: HK\$29,253,940) is interest-free.

At the end of the reporting period, the interest-bearing balance carries interest at an effective interest rate of 1.25% (2013: 1.25%) per annum, whereas the interest-free balances are carried at amortised cost, which represents the difference between the carrying amount and the present value of the estimated future cash flows discounted at an effective interest rate of 3.00% (2013: 3.00%) per annum.

19. LOAN TO A JOINT VENTURE

The loan to the joint venture is unsecured, interest-free and have no fixed repayment terms. The loan is not expected to be settled within twelve months from the end of the reporting period and is carried at amortised cost, which represents the difference between the carrying amount and the present value of the estimated future cash flows discounted at an effective interest rate of 3.25% (2013: 3.25%) per annum.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

20. AVAILABLE-FOR-SALE INVESTMENTS

	THE GROUP		THE COMPANY	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
Unlisted equity securities, at cost	159,188,314	159,188,314	157,026,351	157,026,351

The unlisted equity securities are measured at cost less impairment, if any, at the end of the reporting period because the range of reasonable fair value estimate is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

Particulars of the available-for-sale investments are as follows:

Name of company	Effective percentage of issued ordinary share capital held by the Group		Place of incorporation	Principal activities
	2014 %	2013 %		
Warwick Holdings S.A.	16.09	16.09	Luxemburg	Investment holding, hotel investment and operation mainly in Europe and United States of America

The Chiu family together with the related trusts are the controlling shareholders of Warwick Holdings S.A.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

21. PAINTINGS

Paintings are stated at cost less impairment at the end of the reporting period. The impairment assessment was made by the directors of the Company at the end of each reporting period with reference to the open market values of those paintings.

22. HELD-FOR-TRADING INVESTMENTS

	THE GROUP		THE COMPANY	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
Equity securities listed in Hong Kong, at fair value	23,449,125	22,686,315	540,000	518,000

The fair values of held-for-trading investments have been determined by reference to the quoted market bid prices available on the Stock Exchange at the end of each reporting period.

23. INVENTORIES

The amount represents food and beverage and other consumables, of which HK\$186,215 (2013: HK\$331,515) are stated at net realisable value.

24. TRADE RECEIVABLES

Trade debtors mainly comprise of receivable from renting of properties and hotel operation. Rentals are payable on presentation of demand notes. No credit is allowed to these customers. Hotel room revenue is normally settled by cash or credit card. The Group allows an average credit period of not more than 30 days to travel agents and corporate customers.

The following is an aged analysis of trade debtors based on the invoice date, net of allowance for doubtful debts.

	THE GROUP	
	2014 HK\$	2013 HK\$
0-30 days	44,239	221,896
31-60 days	1,021	126,275
Over 60 days	428,058	358,002
	473,318	706,173

Trade receivables aged over 30 days are past due but are not impaired.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

24. TRADE RECEIVABLES (Continued)

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the debtors from the date credit was initially granted up to the reporting date. There is no concentration of credit risk due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance already made. The Group does not hold any collateral over these balances.

25. PLEDGED BANK DEPOSITS/BANK BALANCES

The pledged bank deposits carry variable interest at the prevailing market rates ranging from 0.01% to 0.25% (2013: 0.01% to 0.25%) per annum and are pledged to secure banking facilities granted to the Group.

Bank balances carry variable interest at prevailing market rates of 0.01% (2013: 0.01%) per annum.

26. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors of HK\$1,484,885 (2013: HK\$1,772,752). The following is an aged analysis of the trade creditors based on invoice date:

	THE GROUP	
	2014 HK\$	2013 HK\$
0-30 days	614,023	820,538
31-60 days	347,304	427,975
Over 60 days	523,558	524,239
	1,484,885	1,772,752

The average credit period on purchase of goods is 60 days.

27. AMOUNT DUE TO AN ASSOCIATE

The amount is unsecured, interest-free and repayable on demand.

28. AMOUNTS DUE TO SUBSIDIARIES

The amounts are unsecured, interest-free and repayable on demand.

29. AMOUNTS DUE TO RELATED COMPANIES

The amounts are unsecured, interest-free and repayable on demand. The related companies are either controlled or jointly controlled by certain directors of the Company, who are also the substantial shareholders of the Company.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

30. AMOUNT DUE TO A NON-CONTROLLING SHAREHOLDER

The amount mainly represents rental payable to the non-controlling shareholder for the lease of its properties, which is unsecured, interest-free and repayable on demand.

31. BANK BORROWINGS AND BANK OVERDRAFTS

	THE GROUP		THE COMPANY	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
The bank borrowings are repayable as follows:				
Within one year	2,888,548	8,908,000	2,245,348	8,908,000
More than one year but not exceeding two years	2,950,904	19,988,000	2,307,704	3,908,000
More than two years but not exceeding five years	22,109,725	9,974,000	7,316,125	9,974,000
More than five years	12,167,318	4,303,000	12,167,318	4,303,000
	40,116,495	43,173,000	24,036,495	27,093,000
Less: Amount due within one year shown under current liabilities	(2,888,548)	(8,908,000)	(2,245,348)	(8,908,000)
Amount due after one year	37,227,947	34,265,000	21,791,147	18,185,000

The bank borrowings carry floating-rate interest based on the bank's prime rate ("Prime Rate") and the Hong Kong Interbank Offered Rate ("HIBOR") and the effective interest rates ranged from 1.47% to 3.25% (2013: 1.31% to 3.75%) per annum.

Bank overdrafts carry floating-rate interest based on the Prime Rate and the effective interest rate is 1.71% (2013: 3.50%) per annum.

The bank borrowings and bank overdrafts are secured by the pledge of assets as set out in note 37.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

32. SHARE CAPITAL

	Number of shares	HK\$
Authorised:		
At 31st March, 2013		
Ordinary shares of HK\$0.1each	750,000,000	75,000,000
At 31st March, 2014	N/A (Note e)	N/A (Note e)
Issued and fully paid:		
At 31st March, 2012 and 31st March, 2013		
Ordinary shares of HK\$0.1each	488,842,675	48,884,268
Exercise of share options	4,800,000	480,000
Issue of new shares pursuant to a placing agreement (Note b)	97,768,000	18,575,920
Transfer upon abolition of par value under new Hong Kong Companies Ordinance effective on 3rd March, 2014	–	240,159,325
At 31st March, 2014		
Ordinary shares with no par value	591,410,675	308,099,513

Notes:

- (a) Details of the exercise of and share options during the year ended 31st March, 2014 and 2013 are set out in note 41.
- (b) Pursuant to a placing agreement dated 5th March, 2014 entered into between the Company and a placing agent, 97,768,000 new ordinary shares were issued at HK\$0.19 each amounting to HK\$18,575,920 in aggregate. The proceeds were used to provide additional working capital for the Company. The new shares were issued under the general mandate granted to the directors at the annual general meeting of the Company held on 2nd September, 2013.
- (c) All the shares issued during the year rank pari passu with other shares in issue in all respects.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

32. SHARE CAPITAL (Continued)

Notes: (Continued)

- (d) Pursuant to a special resolution passed by the shareholders on 1st June, 2007 and the subsequent order of the High Court of the Hong Kong Special Administrative Region granted on 20th July, 2007, capital reduction took effect on 20th July, 2007 whereby both issued and unissued ordinary share capital with par value of HK\$1.00 were reduced by HK\$0.90 per share to HK\$0.10 per share and the nominal value of the issued share capital was reduced by HK\$439,958,407 of which an amount of HK\$221,897,828 was applied towards eliminating the accumulated losses of the Company as at 31st March, 2006, an amount of HK\$100,000,000 was reserved and credited to a special reserve account. The remaining balance of HK\$118,060,579 was credited to the share premium account and was transferred to share capital during the year upon abolition of par value under new Hong Kong Companies Ordinance.

The special reserve can be applied for:

- (i) capitalisation by the issue of new shares of the Company; or
- (ii) eliminating losses, if any, sustained by the Company after 31st March, 2006. Such loss eliminated is to be reversed if the relevant asset, against which impairment loss has been eliminated against this reserve, is realised or revalued at an amount in excess of the amount of provision already made.

The special reserve is undistributable pursuant to section 79C of the Hong Kong Companies Ordinance unless the person entitling to the benefit thereof has agreed otherwise.

- (e) The Company has no authorised share capital and its shares have no par value from the commencement date of the new Hong Kong Companies Ordinance (i.e. 3rd March, 2014).

33. RESERVES

	THE COMPANY					
	Share premium HK\$ (Note a)	Capital redemption reserve HK\$ (Note b)	Share option reserve HK\$	Special reserve HK\$ (Note c)	Accumulated losses HK\$	Total HK\$
At 1st April, 2012	210,865,965	28,990,000	2,065,463	26,255,761	(3,801,021)	264,376,168
Loss for the year, representing total comprehensive expense for the year	-	-	-	-	(5,892,657)	(5,892,657)
Share-based payment expenses	-	-	442,656	-	-	442,656
Eliminate prior year loss against special reserve	-	-	-	(3,801,021)	3,801,021	-
At 31st March, 2013	210,865,965	28,990,000	2,508,119	22,454,740	(5,892,657)	258,926,167
Loss for the year, representing total comprehensive expense for the year	-	-	-	-	(10,314,475)	(10,314,475)
Shares issued upon exercise of share options	303,360	-	-	-	-	303,360
Share-based payment expenses	-	-	1,668,558	-	-	1,668,558
Eliminate prior year loss against special reserve	-	-	-	(5,892,657)	5,892,657	-
Transfer to share capital upon abolition of par value under new Hong Kong Companies Ordinance	(211,169,325)	(28,990,000)	-	-	-	(240,159,325)
At 31st March, 2014	-	-	4,176,677	16,562,083	(10,314,475)	10,424,285

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

33. RESERVES (Continued)

Notes:

- (a) Share premium of HK\$211,169,325 were transferred to share capital upon abolition of par value under new Hong Kong Companies Ordinance on 3rd March, 2014.
- (b) Capital redemption reserve arose from repurchase and cancellation of the ordinary shares of the Company during the financial years 1994/1995, 1995/1996 and 1997/1998 and represented the nominal value of the shares cancelled, which was transferred to share capital upon abolition of par value under new Hong Kong Companies Ordinance on 3rd March, 2014.
- (c) Special reserve arose as a result of reduction of the Company's share capital in the year 2006/2007 as detailed in note 32. Special reserve has been utilised to eliminate accumulated losses of the Company. The total losses eliminated against the special reserve up to the end of the reporting period amounted to HK\$83,437,917 (2013: HK\$77,545,260).

34. DEFERRED TAXATION

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

	Accelerated tax depreciation HK\$	Tax losses HK\$	Total HK\$
At 1st April, 2012	1,736,026	(1,736,026)	–
(Credit) charge to profit or loss	(200,808)	200,808	–
At 31st March, 2013, as restated	1,535,218	(1,535,218)	–
(Credit) charge to profit or loss	(131,705)	131,705	–
At 31st March, 2014	<u>1,403,513</u>	<u>(1,403,513)</u>	<u>–</u>



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

34. DEFERRED TAXATION *(Continued)*

For the purposes of presentation in the consolidated statement of financial position, the above deferred tax assets and liabilities have been offset.

At 31st March, 2014, the Group has unused tax losses of approximately HK\$174,288,000 (2013: HK\$169,861,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$8,506,000 (2013: HK\$9,304,000) of such tax losses. No deferred tax asset has been recognised in respect of the remaining tax losses of approximately HK\$165,782,000 (2013: HK\$160,557,000) due to the unpredictability of future profit streams.

At 31st March, 2014, the unrecognised tax losses may be carried forward indefinitely, except for an amount of HK\$10,025,000 (2013: HK\$7,328,000) which would be expired from 2015 to 2019 (2013: from 2014 to 2018). During the year, unrecognised tax losses of approximately HK\$23,556 (2013: HK\$2,038,000) had been expired.

At 31st March, 2014, the Company has unused tax losses of approximately HK\$75,431,000 (2013: HK\$65,828,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. All unrecognised tax losses may be carried forward indefinitely.

35. PROVISION FOR LONG SERVICE PAYMENTS

The amount recognised represents the present value of the retirement benefit obligation as adjusted for unrecognised past service cost, if any, and as reduced by the fair value of plan assets. The amount is reviewed on an annual basis and adjusted as appropriate.

36. CONTINGENT LIABILITIES

At 31st March, 2014, the Company has issued financial guarantees of HK\$18,000,000 (2013: HK\$18,000,000) to banks in respect of banking facilities granted to its subsidiaries, of which HK\$16,080,000 (2013: HK\$16,080,000) has been utilised by its subsidiaries.

The directors considered that the fair values of the guarantee at its initial recognition and at the end of the reporting period are insignificant on the basis of low default rates. Accordingly, the value of the guarantee has not been recognised in the Company's statement of financial position.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

37. PLEDGE OF ASSETS

The secured bank borrowings are secured by assets of the Group analysed as follows:

	THE GROUP		THE COMPANY	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
Property, plant and equipment	35,525,612	37,015,032	–	–
Bank deposits	2,118,000	2,118,000	2,000,000	2,000,000
	37,643,612	39,133,032	2,000,000	2,000,000

38. OPERATING LEASES

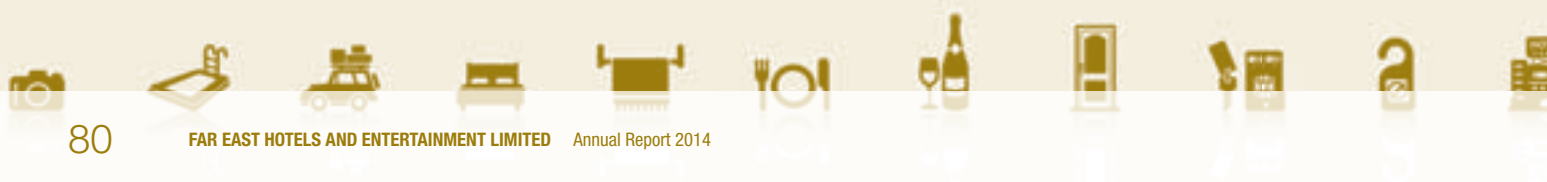
The Group as lessee:

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

	THE GROUP	
	2014 HK\$	2013 HK\$
Within one year	6,497,513	5,842,207
In the second to fifth year inclusive	22,168,675	20,802,377
Over five years	29,126,214	33,803,863
	57,792,402	60,448,447

A subsidiary entered into an agreement with its non-controlling shareholder for the lease of its properties for a period of twenty-eight years at a fixed rent of RMB4,200,000 per year. The lease will expire on 30th September, 2024. Rental expenses for the year amounted to HK\$5,295,675 (2013: HK\$5,200,594).

The remaining lease is negotiated for a term of two years with fixed rental over the lease term.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

38. OPERATING LEASES (Continued)

The Group as lessor:

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	THE GROUP	
	2014 HK\$	2013 HK\$
Within one year	26,357,836	1,353,950
In the second to fifth year inclusive	39,587,126	–
	<u>65,944,962</u>	<u>1,353,950</u>

The properties have committed tenants for a term of three to five years (2013: one to five years) at fixed rental.

39. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the “Scheme”) for all qualifying employees in Hong Kong commencing from December 2000. The assets of the Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the Scheme or HK\$1,250 (HK\$1,000 per month prior to 1st June, 2012), whichever is the lower.

According to the relevant laws and regulations in the PRC, the PRC subsidiary is required to contribute a certain percentage of the salaries of its employees to the state-managed retirement benefit scheme. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

40. RELATED PARTY TRANSACTIONS

- (a) The Company provided guarantee for banking facilities granted to the subsidiaries as disclosed in note 36.
- (b) Remuneration to the key management personnel comprising the directors and three (2013: three) highest paid employees are disclosed in notes 9 and 10, respectively. The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Balances with subsidiaries, associates, joint venture and related companies are set out in the Group’s or Company’s statement of financial position and related notes.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

41. SHARE OPTIONS SCHEME

The share option scheme (the "Scheme") was approved and adopted on 1st June, 2007 for the purpose of providing incentives and rewards to employees or executive or officers (including executive and non-executive directors) of the Company or any of its subsidiaries and business associates or any other person who will contribute or have contributed to the Company or any of its subsidiaries. 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.

Without prior approval from the Company's shareholders, (a) 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; (b) 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.

Options vested immediately may be exercised at any time not exceeding a period of 10 years from the date on which the share options are accepted. 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 shares.

During the year ended 31st March, 2014, additional share options of 22,600,000 (2013: 4,800,000) were granted by the Company to the directors and employees (2013: a director) at an initial exercise price of HK\$0.2320 (2013: HK\$0.1632) per share.

At 31st March, 2014, the number of shares options held by the directors and employees remained outstanding under the Scheme was 34,100,000 (2013: 16,300,000), which, if exercise in full, the new shares issued would represent 6% (2013: 3%) of the enlarged capital of the Company.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

41. SHARE OPTIONS SCHEME (Continued)

Details of the Company's share options held by the directors and employees are as follows:

Date of grant	Exercise price per share HK\$	Number of options outstanding at 31st March, 2014		Exercisable period
		Directors	Employees	
30th December, 2009	0.2820	3,000,000	3,000,000	30th December, 2009 to 29th December, 2019
24th February, 2010	0.2650	–	1,000,000	24th February, 2010 to 23rd February, 2020
15th April, 2011	0.2498	4,500,000	–	15th April, 2011 to 14th April, 2021
6th February, 2014	0.2320	19,600,000	3,000,000	6th February, 2014 to 8th February, 2024
		27,100,000	7,000,000	

During the year, 4,800,000 (2013: nil) share options which were granted on 28th August, 2012 were exercised by a director at HK\$0.1632 per share. The weighted average share price at the date of exercise is HK\$0.2067. No share options were cancelled or lapsed during the two years ended 31st March, 2014 and 2013.

The estimated fair values of the options granted on 30th December, 2009, 24th February, 2010, 15th April, 2011 and 6th February, 2014 are HK\$0.153, HK\$0.139, HK\$0.1404 and HK\$0.07383, respectively.

The fair values of share options granted on 6th February, 2014 were calculated using the Binomial Option Pricing Model. The inputs into the model were as follows:

Closing price at the date of grant	HK\$0.2300
Exercise price	HK\$0.2320
Risk-free rate	2.203%
Expected life	10 years
Expected volatility	60.02%
Expected dividend yield	Nil
Early exercise behaviour	143%

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

41. SHARE OPTIONS SCHEME (Continued)

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 10 years. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate.

The Group recognised share-based payment expenses of HK\$1,668,558 (2013: HK\$442,656) for the year ended 31st March, 2014 in relation to share options granted by the Company.

42. 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 capital structure of the Group consists of net debt, which includes the bank borrowings and bank overdrafts less bank balances and cash and equity attributable to owners of the Company, comprising issued capital and reserves as disclosed in consolidated statement of changes in equity.

The management of the Group reviews the capital structure periodically. As a part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Currently, the management uses short term funding to finance its daily operation to minimise finance costs. The Group will balance its overall capital structure through the payment of dividends, as well as raising new debt or repayment of existing debt.

There are no changes on the Group's approach to capital management during the year.

43. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	THE GROUP		THE COMPANY	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
<i>Financial assets</i>				
Loans and receivables (including cash and cash equivalents)	32,882,790	22,846,044	130,464,956	127,825,666
Held-for-trading investments, at fair value	23,449,125	22,686,315	540,000	518,000
Available-for-sale investments, at cost	159,188,314	159,188,314	157,026,351	157,026,351
<i>Financial liabilities</i>				
Amortised cost	52,353,882	59,880,925	25,897,588	32,341,190

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

43. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

The management of the Group and the Company have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. These risks include market risk (including interest rate risk and other price risk), credit risk and liquidity risk.

There has been no significant change to the Group's and the Company's exposure to risks or the manner in which they manage and measure the risks.

(i) Interest rate risk management

The Group and the Company have exposures to cash flow interest rate risk as the pledged bank deposits, bank balances, bank borrowings and bank overdrafts are carried at variable interest rate. The Company is further exposed to cash flow interest rate risk relating to its amounts due from subsidiaries which are carried at variable interest rate.

In addition, the Group and the Company also have exposures to fair value interest rate risk relating to its loan to a joint venture which are carried at amortised cost at a fixed effective interest rate. The Company is further exposed to fair value interest rate risk relating to its amounts due from subsidiaries which are carried at amortised cost at a fixed effective interest rate.

The Group and the Company currently do not have any interest rate hedging policy. However, appropriate measures would be taken to manage interest rate exposure if interest rate fluctuates significantly.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates on bank borrowings, bank overdrafts and amounts due from subsidiaries, which are carried at variable interest rate at the end of the reporting period. The analysis is prepared assuming the amount of these financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2013: 50 basis points) represents management's assessment of the reasonably possible change in interest rate. The analyses have not included the bank balances as the financial impact of the change in interest rate on the bank balances is insignificant.

If interest rates had been 50 basis points (2013: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss would increase/decrease by approximately HK\$169,000 (2013: post-tax profit decrease/increase by approximately HK\$197,000) and the Company's post-tax loss would decrease/increase by approximately HK\$212,000 (2013: HK\$198,000).

In management's opinion, the sensitivity analysis is unrepresentative of the inherent price risk as the year end exposure does not reflect the exposure during the year.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

43. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(ii) Price risk management

The Group and the Company is exposed to price risks arising from held-for-trading investments and available-for-sale investments. The management manages the exposure to price risk by maintaining a portfolio of investments in various securities.

Price sensitivity

The sensitivity analyses below have been determined based on the exposure to price risks of held-for-trading investments at the end of the reporting period. If the market price of the held-for-trading investments had been 15% (2013: 15%) higher/lower while all other variables were held constant, the Group's post-tax loss would decrease/increase by approximately HK\$2,937,000 (2013: post-tax profit increase/decrease by approximately HK\$2,841,000) and the Company's post-tax loss would decrease/increase by approximately HK\$68,000 (2013: HK\$65,000), as a result of the changes in fair value of the held-for-trading investments. No sensitivity analysis for available-for-sale investments is presented as the available-for-sale investments are measured at cost less impairment.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent price risk as the year end exposure does not reflect the exposure during the year.

(iii) Credit risk management

As at 31st March, 2014, the Group's and the Company's maximum exposure to credit risk which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group and the Company is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated and the Company's statements of financial position; and
- the amount of financial guarantee issued by the Company to subsidiaries that can be called upon in entirety as disclosed in note 36.

The Group's and the Company's credit risk is primarily attributable to loan to a joint venture and amounts due from subsidiaries. In order to minimise the credit risk, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group and the Company reviews the recoverable amount of each individual 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 and the Company's credit risk is significantly reduced.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

43. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(iii) Credit risk management *(Continued)*

The credit risk on pledged bank deposits and bank balances is limited because the counterparties are several banks with high credit-ratings assigned by international credit-rating agencies.

Other than concentration of credit risk on loan to a joint venture and amounts due from subsidiaries representing approximately 27% (2013: 37%) and 85% (2013: 91%) of the Group's and the Company's loans and receivables respectively, the Group and the Company does not have any other significant concentration of credit risk.

(iv) Liquidity risk management

The Group finances its working capital requirements through a combination of funds generated from operations and banking facilities.

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which has built an appropriate liquidity risk management framework for the management of the Group's and the Company's short, medium and long-term funding and liquidity management requirements. With available banking facilities, the Group manages liquidity risk by monitoring the forecast and actual cash flows. As at 31st March, 2014, the Group has available unutilised overdraft facilities of approximately HK\$5,660,000 (2013: HK\$2,020,000).

The Company is exposed to liquidity risk as the Company's current liabilities exceeded its current assets at the end of the reporting period. The directors of the Company consider that the Company will have sufficient working capital to meet in full its financial obligations as and when they fall due in the foreseeable future, after taking into account the unutilised banking facilities available to the Company at the end of the reporting period.

Liquidity and interest risk tables

The following tables detail the Group's and the Company'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 and the Company can be required to pay. The table includes both interest and principal cash flows.



Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

43. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(iv) Liquidity risk management (Continued)

Liquidity and interest risk tables (Continued)

THE GROUP

	Weighted average effective interest rate %	Repayable on demand or less than 1 year HK\$	1-2 years HK\$	2-5 years HK\$	Over 5 years HK\$	Total undiscounted cash flows HK\$	Carrying amounts HK\$
2014							
Non-derivative instrument							
Non-interest bearing	-	11,897,733	-	-	-	11,897,733	11,897,733
Bank borrowings and bank overdrafts at variable rate	2.34	4,283,417	3,926,998	23,815,929	12,950,276	44,976,620	40,456,149
		<u>16,181,150</u>	<u>3,926,998</u>	<u>23,815,929</u>	<u>12,950,276</u>	<u>56,874,353</u>	<u>52,353,882</u>
2013							
Non-derivative instrument							
Non-interest bearing	-	12,728,537	-	-	-	12,728,537	12,728,537
Bank borrowings and bank overdrafts at variable rate	2.35	13,828,407	20,683,309	10,722,462	4,410,726	49,644,904	47,152,388
		<u>26,556,944</u>	<u>20,683,309</u>	<u>10,722,462</u>	<u>4,410,726</u>	<u>62,373,441</u>	<u>59,880,925</u>

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

43. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(iv) Liquidity risk management (Continued)

Liquidity and interest risk tables (Continued)

THE COMPANY

	Weighted average effective interest rate %	Repayable on demand or less than 1 year HK\$	1-2 years HK\$	2-5 years HK\$	Over 5 years HK\$	Total undiscounted cash flows HK\$	Carrying amounts HK\$
2014							
Non-derivative instrument							
Non-interest bearing Bank borrowings and bank overdrafts at variable rate	-	1,521,439	-	-	-	1,521,439	1,521,439
Financial guarantee contracts (Note b)	2.41	2,878,245	2,878,245	8,634,736	12,950,276	27,341,502	24,376,149
	-	18,000,000	-	-	-	18,000,000	-
		<u>22,399,684</u>	<u>2,878,245</u>	<u>8,634,736</u>	<u>12,950,276</u>	<u>46,862,941</u>	<u>25,897,588</u>

	Weighted average effective interest rate %	Repayable on demand or less than 1 year HK\$	1-2 years HK\$	2-5 years HK\$	Over 5 years HK\$	Total undiscounted cash flows HK\$	Carrying amounts HK\$
2013							
Non-derivative instrument							
Non-interest bearing Bank borrowings and bank overdrafts at variable rate	-	1,268,802	-	-	-	1,268,802	1,268,802
Financial guarantee contracts (Note b)	2.86	13,587,206	4,362,109	10,722,462	4,410,726	33,082,503	31,072,388
	-	18,000,000	-	-	-	18,000,000	-
		<u>32,856,008</u>	<u>4,362,109</u>	<u>10,722,462</u>	<u>4,410,726</u>	<u>52,351,305</u>	<u>32,341,190</u>

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2014

43. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(iv) Liquidity risk management *(Continued)*

Liquidity and interest risk tables (Continued)

Notes:

- (a) The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.
- (b) The amounts included above for financial guarantee contracts are the maximum amounts the Company could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that no amount will be payable under the arrangement.

(v) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on 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 to their fair values.

The only financial instruments of the Group and the Company that are measured at fair value is the held-for-trading investments and is grouped into Level 1 whose fair value measurements are derived from quoted prices (unadjusted) in active market for identical assets with carrying value of HK\$23,449,125 (2013: HK\$22,686,315) and HK\$540,000 (2013: HK\$518,000), respectively.



List of Major Properties Held by the Group

Location	Approximate gross floor area/site areas* (square feet)	Group's interest	Existing land use	Term of lease
Leasehold land and buildings				
Duplex No. 1 on 1/F and 2/F with Garden and Rear Open Yard of House 15 (Dynasty Villa 6) and car park space No. 202, Dynasty Heights, No. 2 Yin Ping Road, Kowloon, Hong Kong	2,592	100.0%	Residential	Medium
Hotel property				
East Bay, Cheung Chau, New Territories, Hong Kong 8443/9000 parts or shares of and in C.C.L. 1147	27,000*	97.8%	Hotel	Medium
Investment properties				
Wing On Street, Peng Chau, New Territories, Hong Kong 370/700 parts or shares of and in P.C.L. 415	5,230*	100.0%	Cinema	Medium
Various agricultural lots in Survey District No. 4 in Lai Chi Kok, Kowloon, Hong Kong	265,579*	100.0%	Agricultural land	Medium
Various agricultural lots in DD118, Yuen Long, New Territories, Hong Kong	149,846*	50.0%	Agricultural land	Medium



Financial Summary

RESULTS

	For the year ended 31st March,				2014 HK\$'000
	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	
Revenue	26,938	30,956	39,017	34,033	39,318
(Loss) profit before taxation	10,518	5,880	13,987	12,013	(4,349)
Taxation	(1,806)	(499)	–	–	–
(Loss) profit for the year attributable to owners of the Company	8,712	5,381	13,987	12,013	(4,349)

ASSETS AND LIABILITIES

	At 31st March,				2014 HK\$'000
	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	
Total assets	393,091	384,957	386,546	411,087	421,404
Total liabilities	(96,822)	(73,659)	(60,130)	(72,162)	(65,609)
Equity attributable to owners of the Company	296,269	311,298	326,416	338,925	355,795

