



WINFAIR INVESTMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0287)

ANNUAL REPORT
2014/2015

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

ALTERNATE DIRECTOR TO MR. NG SEE WAH

Ms. Ng Kwok Fun

AUDITORS

Wong Brothers & Co.
Certified Public Accountants

SOLICITORS

Cadwalader, Wickersham & Taft
Lo, Wong & Tsui
Simon Reid-Kay & Associates

PRINCIPAL BANKERS

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

COMPANY SECRETARY

Ms. MIMOONA MA

SHARE REGISTRAR

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

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

CORPORATE WEBSITE

<http://www.winfairinvestment.com>

On behalf of the Board of directors (the "Board") of Winfair Investment Company Limited (the "Company", together with its subsidiaries, the "Group"), I am delighted to report the Group's financial results and activities for the year ended 31 March 2015.

RESULTS AND DIVIDENDS

For the year under review, the revenue of the Group increased by HK\$7,281,060 (or 32.69%), to HK\$29,557,456. The Group's profit for the year increased by HK\$43,995,500 (or 150.9%), to HK\$73,141,493. The increase was mainly attributable to an increase in the Group's security investments segment of HK\$11,452,234 and an increase in revaluation gain on investment properties of HK\$30,227,840.

In January 2015, an interim dividend of HK\$0.02 per share was paid. The Board now recommends a final dividend of HK\$0.12 per share, totaling HK\$4,800,000. Subject to approval by the shareholders of the Company at forthcoming annual general meeting, such dividends will be payable on or about 23 September 2015.

BUSINESS REVIEW

PROPERTY INVESTMENT

The rental income and the result (excluding a revaluation gain of HK\$48,110,000) of the Group's property leasing business increased by HK\$1,426,522 (or 8.7%) and HK\$987,913 (or 7.5%) to HK\$17,876,345 and HK\$14,160,167 respectively, as compared to last year. Better rental contributions by properties acquired in January 2014, as expected, gave rise to such increase.

The Hong Kong government has continuously implemented measures, such as additional stamp duty in 2013 and stricter property mortgage loan requirements in 2015, in order to cool down the Hong Kong property market (especially in relation to luxurious residential units). However, recent statistics showed that there have been increases in property prices and transaction volume, especially for small or medium sized residential units, in the second half of 2014. The Group has benefited from such market sentiment and with the same property investment portfolio, the Group has recorded a revaluation gain on investment properties of HK\$48,110,000 (2014: HK\$17,882,160) as at the reporting date. As at 31 March 2015, the total value of the Group's investment properties reached HK\$579,710,000 (2014: HK\$531,600,000).

PROPERTY DEVELOPMENT

For the year ended 31 March 2015, the Group recorded a fair value loss of HK\$17,250 (2014: fair value gain of HK\$700,000) on property held for or under development. Further, the Group applied for a proposed change from agricultural land use to residential use with respect to Lot Nos. 42RP, 122RP and 129RP in D.D. 121, Ping Shan, Yuen Long and to date, the application is still in progress. The Group will continue to explore opportunities for re-developing its existing properties and potential opportunities for re-developing other properties in Hong Kong.

CHAIRMAN'S STATEMENT

SHARE INVESTMENTS AND DIVIDEND INCOME

Dividend income increased by HK\$1,610,546 (or 29.7%) to HK\$7,033,595 as compared to last year. The increase was primarily due to the one-off special dividends received from certain listed shares investments.

During the past year, the Group reported recognised gains on disposal of trading securities and available-for-sale financial assets in the amounts of HK\$4,647,516 and HK\$1,326,023 respectively (2014: HK\$403,524 and HK\$256,292). Also, the Group reported an unrealised gain on trading securities of HK\$3,326,104 (2014: unrealised loss of HK\$2,421,584) in the statement of profit or loss, and an unrealised gain on available-for-sale financial assets of HK\$10,000,127 (2014: unrealised loss of HK\$8,313,112) in the statement of other comprehensive income. As at 31 March 2015, the Group's listed share investment portfolios had an aggregate fair value of HK\$145,922,940 (2014: HK\$142,182,924).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2015, the Group's total bank borrowings were HK\$28,243,600 (2014: HK\$30,173,200), of which an amount of HK\$17,988,600 (2014: HK\$9,648,000) is wholly repayable within 5 years and an amount of HK\$10,255,000 (2014: HK\$20,525,200) is wholly repayable after 5 years. The Group's gearing ratio, which was taken as bank borrowings to total shareholders' equity, decreased from 4.4% to 3.7%. The Group also had banking credit facilities of HK\$50,000,000 which have not been utilized. The Group's banking facilities are subject to review annually and will be due for negotiation in April 2016. During the past year, the Group diligently monitored its compliance with the lending bank's covenants on loan-to-security value ratio.

As at 31 March 2015, the Group held an amount of HK\$53,214,835 in cash (2014: HK\$35,380,884). The management of the Company continues to operate under a prudent financial policy and will implement all necessary measures to ensure that the Group maintains adequate cash and appropriate credit facilities to meet its future operating and project development expenditure, and loan repayment obligations. The management of the Company will execute additional credit facilities, if necessary, to strengthen the cash position of the Group for its operations and potential investments in the future. In the long run, the Group will continue to adopt an optimum financial structure for the best interests of its shareholders in light of changes in economic conditions.

ASSETS PLEDGED

As at 31 March 2015, the investment properties with an aggregate carrying value of HK\$196,880,000 (2014: HK\$190,400,000) were pledged to a bank to secure general banking facilities granted to the Group.

EMPLOYEE AND EMOLUMENT POLICY

As at 31 March 2015, the Group had 3 (2014: 3) employees (excluding 3 executive directors). The Company's emolument policy is to ensure that the remuneration offered to employees, including executive directors and senior management, is based on their skills, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of the Group's employees are periodically reviewed objectively and according to each individual's performance.

BUSINESS MODEL AND STRATEGY

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

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

PROSPECTS

On 27 February 2015, the Hong Kong Monetary Authority introduced new measures in relation to property mortgage loans for residential properties as a response to signs of overheating in the residential property market. In addition to these new measures, the civil disobedience movement in 2014 and anti-parallel import activities have also slowed down local economic activity in Hong Kong and contributed to downward pressure on rental income and market value of the properties held by the Group in the short run. Given the continuously lower interest rate, the immediate government response on China Hong Kong free visits and a widespread of potential property users, the management expects that property prices will become more stable, with potential gradual growth. As compared to prior years, the rental increment for new or existing tenancies will be moderate in the foreseeable future. The Group will continue to look for desirable property investment opportunities cautiously. The Group will keep its current business strategy plan in continuing to look for high yield property investments and at the same time to balance the risk and return for each investment.

In respect of the securities business of the Group, the Company believes that the security market will still be exposed to volatility and uncertainty. The management is looking forward to the much-anticipated launch of Shenzhen-Hong Kong Stock Connect soon, as it expects that the launch will encourage more investors to participate in the Hong Kong securities market. As a mature market with adequate transparency and monitoring, the Company believes the Hong Kong securities market will benefit from the launches of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect in the long run. Barring the unforeseeable future, the Group will keep watch of prevailing market changes and make appropriate strategic adjustments to the Group's assets portfolio in order to realize the returns of the shareholders of the Company.

APPRECIATION

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

Ng See Wah

Chairman

Hong Kong, 30 June 2015

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining the highest standards of corporate governance practice emphasising transparency, independence and accountability. The Board believes that good corporate governance practices better safeguard the assets and protect the interests of the shareholders of the Company.

The Company has devised and adopted its own code of practice which essentially follows all Code Provisions and some of the Recommended Best Practices under the Corporate Governance Code (“the Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except for the deviations described below.

CORPORATE GOVERNANCE PRACTICE

Save for the exceptions below, the Company has complied with all Code Provisions of the Code throughout the year ended 31 March 2015 and up to the latest practicable date prior to the publication of this annual report:

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

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors’ securities transactions. Specific enquiries were made of all directors and the Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 March 2015.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

As at 31 March 2015, the Board comprised eight directors, including three executive directors (one of whom is Chairman of the Board), two non-executive directors and three independent non-executive directors. Biographical details of the directors and the familial relationship between the directors are set out in the section headed "Directors and Senior Management" on pages 23 and 24.

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

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

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

During the year ended 31 March 2015, four full board meetings were held with 100% attendance rate. Individual attendance of directors is shown in the following table.

Table – Number of board meetings, committee meetings and AGM attended by each director during the year ended 31 March 2015

	Scheduled board meetings(i)	Audit committee meetings(ii)	Remuneration committee meetings	Nomination committee meetings	Corporate governance committee meetings	AGM 2014(ii)
Executive directors						
Mr. Ng See Wah (<i>Chairman</i>)	5/5	N/A	N/A	N/A	N/A	1/1
Mr. Ng Tai Wai	4/4	N/A	1/1	N/A	1/1	1/1
Mr. Ng Tai Yin, Victor	4/4	N/A	N/A	1/1	N/A	1/1
Non-executive directors						
Mr. So Kwok Leung	5/5	N/A	N/A	N/A	1/1	1/1
Mr. So Kwok Wai, Benjamin	5/5	2/2	N/A	N/A	N/A	1/1
Independent non-executive directors						
Dr. Loke Yu alias Loke Hoi Lam	5/5	2/2	1/1	1/1	1/1	1/1
Dr. Ng Chi Yeung, Simon	5/5	2/2	1/1	1/1	1/1	1/1
Ms. Chan Suit Fei, Esther	5/5	2/2	1/1	1/1	1/1	1/1

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS *(Continued)*

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

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

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

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

CHAIRMAN AND CHIEF EXECUTIVE

Mr. Ng See Wah is the Chairman of the Board and none of the directors has been designated as chief executive.

During the year ended 31 March 2015, the Chairman directed the company secretary to draw up the agenda for each board meeting. With the assistance of the directors and the company secretary, the chairman ensured that all directors were properly briefed on the issues discussed at the Board meetings and all directors received adequate, complete and reliable information in a timely manner.

The role of chief executive was jointly performed by the three executive directors. The responsibilities include: leading the management; implementing and reporting to the Board on the Company's strategy; monitoring the performance of day-to-day management; establishing, maintaining and periodically reviewing proper internal controls, disclosures and procedures; and discharging the duties delegated by the Board.

NON-EXECUTIVE DIRECTORS

The non-executive and independent non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the Company.

EMOLUMENT POLICY

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

REMUNERATION COMMITTEE

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

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

During the year ended 31 March 2015, one committee meeting was held at which there was a 100% attendance rate. Individual attendance of each committee member is shown on page 7 in the section headed "Board of directors".

The work performed by the remuneration committee during the year ended 31 March 2015 included the following:

- reviewing the policy for the remuneration of executive directors;
- assessing performance of executive directors;
- approving the terms of executive directors' employment;
- recommendation on the percentage of salary increment for all executive directors and senior management of the Company; and
- recommendation on the increment of directors' fee.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The nomination committee, consisting of three independent non-executive directors and one executive director, has been established since 13 March 2012. The terms of reference of the nomination committee align with the code provisions of the Code and is available on the Exchange's and the Company's website.

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

New appointment of directors is first considered by any one of the directors. His/her recommendations are then put to the Board for decision. All newly appointed directors are subject to election by shareholders at the following annual general meeting ("AGM") after appointment.

At each annual general meeting, one-third of the directors (if the number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and are eligible for re-election.

In considering the new appointment or re-appointment of directors, the Board will base its decision on criteria such as integrity, independence, experience, skill and the ability to commit time and effort to carry out his/her duties and responsibilities, etc. On 1 September 2013, the Company adopted its own "Board Diversity Policy". This policy has been implemented since June 2014. The Company considers that the increasing diversity at the Board level will benefit the Company's overall sustainable development. In designing the Board's composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional skills, knowledge or length of service. All board appointment will be based on merits, and candidates will be considered against objective criteria, with due regard to the benefits of diversity on the Board. The measurable objectives are as follows:

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

During the year ended 31 March 2015, one meeting of the committee was held with 100% attendance rate. Individual attendance of member is shown on page 7 in the section headed "Board of directors".

The work performed by the nomination committee during the year ended 31 March 2015 included the following:

- review of the structure, size and composition of the Board;
- assessment of the independence of the independent non-executive directors; and
- recommendation to the Board for re-election of the retiring directors at the AGM 2014.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

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

During the year ended 31 March 2015, two meetings of the committee were held with 100% attendance rate. Attendance of individual member is shown on page 7 in the section headed "Board of directors".

The work performed by the audit committee during the year ended 31 March 2015 included the following:

- review of and discussion with the management the accounting principles and practices adopted by the Group and other financial reporting matters;
- review of the annual report and interim report for the completeness, accuracy and truth and fairness of the financial statements of the Group;
- review of the results of external audit and discussion with the external auditors on any significant audit findings and issues;
- discussion of the effectiveness of the system of internal controls of the Group; and
- review of the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programs and budget.

CORPORATE GOVERNANCE COMMITTEE

The corporate governance committee, consisting of three independent non-executive directors, one executive director and one non-executive director, has been established since 13 March 2012. The terms of reference of the corporate governance committee align with the code provisions of the Code and is available on the Company's website.

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

During the year ended 31 March 2015, one meeting of the committee was held with 100% attendance rate. Individual attendance of member is shown on page 7 in the section headed "Board of directors".

The work performed by the corporate governance committee during the year ended 31 March 2015 included the following:

- review of company's policies and practices on corporate governance and compliance with legal and regulatory requirements;
- review of the training and continuous professional development of directors and senior management; and
- review of the Company's compliance with the code and disclosure in the Corporate Governance Report for the year ended 31 March 2015.

CORPORATE GOVERNANCE REPORT

AUDITORS' REMUNERATION

An analysis of remuneration in respect of audit and non-audit services, which included taxation, other review and advisory services, provided by the auditors and its common control entity during the year ended 31 March 2015 is as follows:

	HK\$
Audit fee	237,500
Other non-audit services	
Taxation services	22,500
Interim review services	40,000
	62,500
Other non-audit professional services provided by affiliated company	83,850
Total	383,850

ACCOUNTABILITY

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

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

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

COMPANY SECRETARY

All directors have access to the advice and services of the company secretary, Ms. MIMOONA MA. She is an employee of the Company and is appointed by the Board. The company secretary supports the chairman, the Board and the Board committees by ensuring good information flow within the Board and that the Board policy and procedures are followed. She reports to the Board chairman on board governance matters and facilitates the induction and professional development of directors. The company secretary is also responsible for facilitating communications among directors as well as shareholders and management. Biographical details of the company secretary are set out in the section headed "Directors and Senior Management" on page 24. During the year ended 31 March 2015, the company secretary undertook over 15 hours of professional training to update her skills and knowledge.

SHAREHOLDERS' RIGHT

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

The procedures for shareholders to convene and put forward proposals at meeting are subject to the provision under the Hong Kong Companies Ordinance (Cap 622) ("the Companies Ordinance").

CONVENING AN ANNUAL GENERAL MEETING (AGM)

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHT *(Continued)*

CIRCULATION OF STATEMENT AT AGM/GENERAL MEETING (GM)

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

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

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

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

CONVENING A GENERAL MEETING (GM)

Pursuant to section 566 of the Companies Ordinance, the directors are required to call a general meeting if the company has received requests to do so from shareholders of the company representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings.

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

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

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHT *(Continued)*

ENQUIRIES TO THE BOARD

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

INVESTOR RELATIONS

There were no changes to the Company's constitutional documents during the year ended 31 March 2015.

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Company and of the Group for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries are property and share investments, property development and securities dealing. There were no significant changes in the nature of the activities during the year ended 31 March 2015.

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

RESULTS AND FINANCIAL POSITION

The results of the Group for the year ended 31 March 2015 and the financial position of the Company and of the Group at that date are set out in the financial statements on pages 27 to 68.

DIVIDENDS

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

The directors now recommend that a final dividend of HK\$0.12 per share on 40,000,000 shares in issue totaling HK\$4,800,000 be payable in respect of the year ended 31 March 2015.

SHARE CAPITAL

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

RESERVES

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

BUSINESS REVIEW

For the year under review, the revenue of the Group increased by HK\$7,281,060 (or 32.69%), to HK\$29,557,456. The Group's profit for the year increased by HK\$43,995,500 (or 150.9%), to HK\$73,141,493.

Key Performance Indicator

	2015	2014	Increase	Increase
	HK\$	HK\$	HK\$	
Revenue	29,557,456	22,276,396	7,281,060	32.7%
Profit	75,282,114	31,155,401	44,126,713	141.6%
Valuation gain on investment properties	48,110,000	17,882,160	30,227,840	169.0%
EBITDA	76,013,665	31,917,368	44,096,297	138.2%
ROCE [#]	10.5%	4.7%	5.8%	123.4%

[#] Return on Capital Employed (ROCE) = Profit before tax and interest divided by average equity.

BUSINESS REVIEW *(Continued)*

Property investment

The rental income and the result (excluding a revaluation gain of HK\$48,110,000) of the Group's property leasing business increased by HK\$1,426,522 (or 8.7%) and HK\$987,913 (or 7.5%) to HK\$17,876,345 and HK\$14,160,167 respectively, as compared to last year. Better rental contributions by properties acquired in January 2014, as expected, gave rise to such increase.

The Hong Kong government has continuously implemented measures, such as additional stamp duty in 2013 and stricter property mortgage loan requirements in 2015, in order to cool down the Hong Kong property market (especially in relation to luxurious residential units). However, recent statistics showed that there have been increases in property prices and transaction volume, especially for small or medium sized residential units, in the second half of 2014. The Group has benefited from such market sentiment and with the same property investment portfolio, the Group has recorded a revaluation gain on investment properties of HK\$48,110,000 (2014: HK\$17,882,160) as at the reporting date. As at 31 March 2015, the total value of the Group's investment properties reached HK\$579,710,000 (2014: HK\$531,600,000).

Property development

As at 31 March 2015, the Group recorded a fair value loss of HK\$17,250 (2014: fair value gain of HK\$700,000) on property held for or under development. Further, the Group applied for a proposed change from agricultural land use to residential use with respect to Lot Nos. 42RP, 122RP and 129RP in D.D. 121, Ping Shan, Yuen Long, and to date, the application is still in progress. The Group will continue to explore opportunities for re-developing its existing properties and potential opportunities for re-developing other properties in Hong Kong.

Share investments and dividend income

Dividend income increased by HK\$1,610,546 (or 29.7%) to HK\$7,033,595 as compared to last year. The increase was primarily due to the one-off special dividends received from certain listed shares investments.

During the past year, the Group reported recognised gains on disposal of trading securities and available-for-sale financial assets in the amounts of HK\$4,647,516 and HK\$1,326,023 respectively (2014: HK\$403,524 and HK\$256,292). Also, the Group reported an unrealised gain on trading securities of HK\$3,326,104 (2014: unrealised loss of HK\$2,421,584) in the statement of profit or loss, and an unrealised gain on available-for-sale financial assets of HK\$10,000,127 (2014: unrealised loss of HK\$8,313,112) in the statement of other comprehensive income. As at 31 March 2015, the Group's listed share investment portfolios had an aggregate fair value of HK\$145,922,940 (2014: HK\$142,182,924).

DIRECTORS' REPORT

BUSINESS REVIEW *(Continued)*

Liquidity and financial resources

As at 31 March 2015, the Group's total bank borrowings were HK\$28,243,600 (2014: HK\$30,173,200), of which an amount of HK\$17,988,600 (2014: HK\$9,648,000) is wholly repayable within 5 years and an amount of HK\$10,255,000 (2014: HK\$20,525,200) is wholly repayable after 5 years. The Group's gearing ratio, which was taken as bank borrowings to total shareholders' equity, decreased from 4.4% to 3.7%. The Group also had banking credit facilities of HK\$50,000,000 which have not been utilized. The Group's banking facilities are subject to review annually and will be due for negotiation in April 2016. During the past year, the Group diligently monitored its compliance with the lending bank's covenants on loan-to-security value ratio.

As at 31 March 2015, the Group held an amount of HK\$53,214,835 in cash (2014: HK\$35,380,884). The management of the Company continues to operate under a prudent financial policy and will implement all necessary measures to ensure that the Group maintains adequate cash and appropriate credit facilities to meet its future operating and project development expenditure, and loan repayment obligations. The management of the Company will execute additional credit facilities, if necessary, to strengthen the cash position of the Group for its operations and potential investments in the future. In the long run, the Group will continue to adopt an optimum financial structure for the best interests of its shareholders in light of changes in economic conditions.

Risk and uncertainty

The Company is generally operating in an ever-changing business and economic environment. Value of properties may fluctuate following property market trend and other measures implemented by the government from time to time. Also, volatility in the securities market may affect the Company's shares investments, resulting in unrealised gain or loss. In addition to equity market risk, the Company is also subject to credit risk, liquidity risk, and interest rates risk in the normal course of the Group's business. Particulars of financial risk management of the Company are set out in note 31 to the financial statements.

Events after the end of the reporting period

There have been no events after the end of the reporting period that either require adjustment to the financial statements or are important in the understanding of the Company's and the Group's current position.

Prospect

On 27 February 2015, the Hong Kong Monetary Authority introduced new measures in relation to property mortgage loans for residential properties as a response to signs of overheating in the residential property market. In addition to these new measures, the civil disobedience movement in 2014 and anti-parallel import activities have also slowed down local economic activity in Hong Kong and contributed to downward pressure on rental income and market value of the properties held by the Group in the short run. Given the continuously lower interest rate, the immediate government response on China Hong Kong free visits and a widespread of potential property users, the management expects that property prices will become more stable, with potential gradual growth. As compared to prior years, the rental increment for new or existing tenancies will be moderate in the foreseeable future. The Group will continue to look for desirable property investment opportunities cautiously. The Group will keep its current business strategy plan continuing to look for high yield property investments and at the same time to balance the risk and return for each investment.

In respect of the securities business of the Group, the Company believes that the security market will still be exposed to volatility and uncertainty. The management is looking forward to the much-anticipated launch of Shenzhen-Hong Kong Stock Connect soon, as it expects that the launch will encourage more investors to participate in the Hong Kong securities market. As a mature market with adequate transparency and monitoring, the Company believes the Hong Kong securities market will benefit from the launches of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect in the long run. Barring the unforeseeable future, the Group will keep watch of prevailing market changes and make appropriate strategic adjustments to the Group's assets portfolio in order to realize the returns of the shareholders of the Company.

BUSINESS REVIEW *(Continued)*

Environmental policy

The principal activities of the Group are property investment, securities investment, property development and securities dealings. The Group has not engaged in property development activities during the year and considers that it has not operated in environmental sensitive businesses during the year. There is no formal written guideline nor policy made by the Group in relation to environmental protection in the Group's business sector.

In the course of its daily operations, the Group continues to commit to the reduction of use of paper by an increased use of email or recycled paper as substitutes. Also, the Group continues to reduce the electricity consumption in the office as practicable as possible. We believe that the existing laws and regulations do not have any significant effect on the Group's principal activities during the year ended 31 March 2015.

Compliance with the relevant laws and regulations

The Group continues to commit to comply with the relevant laws and regulations such as Hong Kong Companies Ordinance Cap 622, Listing Rules, and other local laws and regulations implemented by the Hong Kong Government. We believe the existing laws and regulations do not have any significant effect on the Group's activities during the year ended 31 March 2015.

Stakeholders other than members

The success of the Group hinges on the knowledge, skill, drive, passion, and enthusiasm of its employees. To improve the value for shareholders of the Company, the Group engages its employees in its plan and ensures that the right individuals are in place, combining the right mix of skill and experience.

The Group recognises the importance of health and safety, and is committed to providing a safe and healthy environment for its employees and tenants. Also, the Group recognises the importance of maintaining a long-term good relationship with its stakeholders such as employees, tenants, agents, repairs sub-contractor, other professional bodies, who are all important to the development of the Group's business.

DIRECTORS

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

Executive directors*:

Ng See Wah
Ng Tai Wai
Ng Tai Yin, Victor

Non-executive directors*:

So Kwok Leung
So Kwok Wai, Benjamin

Independent non-executive directors:

Loke Yu alias Loke Hoi Lam
Ng Chi Yeung, Simon
Chan Suit Fei, Esther

Alternate director:

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

* All executive and non-executive directors are also directors of all the subsidiary companies of the Company.

DIRECTORS' REPORT

DIRECTORS (Continued)

In accordance with articles 110 and 111 of the Company's articles of association, Mr. Ng See Wah, Mr. So Kwok Leung and Dr. Ng Chi Yeung Simon will retire by rotation and, being eligible, offer themselves for re-election.

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

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

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2015, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the directors had taken or deemed to have under the provisions of the SFO) or which were recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code are as follows:

	Personal Interests	Family interests	Corporate interests	Other interests	Total	Approximate percentage of issued share capital of the Company
Executive directors:						
Ng See Wah	9,393,423	–	3,370,500*	–	12,763,923	31.9%
Ng Tai Wai	3,899,077	–	3,370,500*	–	7,269,577	18.2%
Ng Tai Yin, Victor	1,886,000	–	–	–	1,886,000	4.7%
Non-executive directors:						
So Kwok Leung	5,961,077	–	–	–	5,961,077	14.9%
So Kwok Wai, Benjamin	4,989,923	36,000	–	–	5,025,923	12.6%
Alternate director:						
Ng Kwok Fun	105,000	–	–	–	105,000	0.3%

* 3,370,500 shares attributable to Mr. Ng See Wah and Mr. Ng Tai Wai were held by Rheingold Holdings Limited, a company beneficially owned by Mr. Ng See Wah and Mr. Ng Tai Wai.

DIRECTORS' INTERESTS IN SECURITIES *(Continued)*

Save as disclosed above and other than certain nominee shares in subsidiaries held by the directors on trust for the Company, none of the directors or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

None of the directors, their spouses or their children under the age of 18 had any right to subscribe for the shares of the Company.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2015, no person, other than Mr. Ng See Wah, Mr. Ng Tai Wai, Mr. So Kwok Leung and Mr. So Kwok Wai Benjamin, all of whom are directors of the Company, and Rheingold Holdings Limited (jointly owned by Mr. Ng See Wah and Mr. Ng Tai Wai), had any notifiable interest or short position in the shares or underlying shares of the Company as recorded in the register maintained pursuant to section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS, TRANSACTIONS AND ARRANGEMENTS

No contracts, transactions or arrangements of significance in relation to the group's business in which any of the Company or Company's subsidiaries was a party, and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

MANAGEMENT CONTRACTS

None of the directors proposed for re-election at the forthcoming annual general meeting has any unexpired service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during or at the end of the year.

SHARE PURCHASE, SALE OR REDEMPTION

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's issued shares during the year under review.

DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

In relation to the Group's property leasing business, the percentages of gross rental income for the year ended 31 March 2015 attributable to the largest tenant and the five largest tenants in aggregate were 22% and 55% respectively.

None of the directors, their close associates or any shareholders (who to the knowledge of the directors own more than 5% of the number of the Company's issued shares) had any beneficial interests in the Group's five largest tenants.

The Group had no significant purchases during the year ended 31 March 2015.

RETIREMENT SCHEME

Particulars of the retirement scheme are set out in note 4.10 to the financial statements.

PUBLIC FLOAT

Based on the information that is publicly available and to the best of the knowledge of the directors, as at the date of this report there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

AUDITORS

The Company's auditors, Messrs. Wong Brothers & Co., Certified Public Accountants, have acted as the Company's auditors for the preceding three years. A resolution for their re-appointment will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Ng See Wah

Chairman

Hong Kong, 30 June 2015

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Ng See Wah, aged 85, is the chairman of the Company. He is the co-founder of the Group and has extensive experience in property development and investment. He is responsible for the development of the corporate policy and the overall management of the Group. He is the father of Mr. Ng Tai Wai and Mr. Ng Tai Yin, Victor, who are also executive directors of the Company and Ms. Ng Kwok Fun, who is his alternate director. In addition, he is a director and shareholder of Rheingold Holdings Limited, a company holding 3,370,500 shares of the Company.

Mr. Ng Tai Wai, aged 54, was appointed on 2 November 1987 as a director of the Company. He is also a member of the remuneration committee and the corporate governance committee of the Company. He is responsible for the general administration and financial management of the Group. He is the son of Mr. Ng See Wah, the chairman and executive director of the Company, the elder brother of Mr. Ng Tai Yin, Victor, an executive director of the Company and the younger brother of Ms. Ng Kwok Fun, alternate director to Mr. Ng See Wah. In addition, he is a director and shareholder of Rheingold Holdings Limited, a company holding 3,370,500 shares of the Company.

Mr. Ng Tai Yin, Victor, aged 50, was appointed as a non-executive director of the Company on 27 March 2008 and re-designated as an executive director of the Company on 9 March 2010. He was appointed as a member of the nomination committee of the Company on 13 March 2012. He holds a Bachelor Degree of Applied Science from University of Regina, Canada. He has over 18 years of experience in property management as well as information technology. He is currently a director of several private companies with major businesses in property investment and property management. He is the son of Mr. Ng See Wah, the chairman and executive director of the Company, and the younger brother of Mr. Ng Tai Wai, an executive director of the Company and Ms. Ng Kwok Fun, alternate director to Mr. Ng See Wah.

NON-EXECUTIVE DIRECTORS

Mr. So Kwok Leung, aged 57, was appointed on 28 October 1985 as a director of the Company. He was appointed as a member of the corporate governance committee of the Company on 13 March 2012. In previous years, he was responsible for the sale of properties developed by the Group. He is the son of the late Mr. Soo Cho Ling, one of the founders of the Company, and the elder brother of Mr. So Kwok Wai, Benjamin, a non-executive director of the Company.

Mr. So Kwok Wai, Benjamin, aged 52, was appointed on 9 March 2010 as non-executive director and a member of the audit committee of the Company. He holds a Bachelor Degree of Business Administration in Management Information Systems and a Master Degree of Science in Computer Science from Eastern Washington University, U.S.A. He has over 17 years of experience in business development and systems design, as well as property investments and management related areas. He is currently a director of several private companies. He is the son of the late Mr. Soo Cho Ling, one of the founders of the Company, and the younger brother of Mr. So Kwok Leung, a non-executive director of the Company.

DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Loke Yu alias Loke Hoi Lam, aged 65, was appointed as independent non-executive director of the Company on 2 April 2007. He is the chairman of the audit committee and the corporate governance committee of the Company. He is also a member of the remuneration committee and the nomination committee of the Company. He has over 41 years' experience in accounting and auditing for private and public companies, financial consultancy and corporate management. He holds a Master of Business Administration Degree from Universiti Teknologi Malaysia and a Doctor of Business Administration Degree from University of South Australia. Dr. Loke is a fellow member of The Institute of Chartered Accountants in England & Wales; The Hong Kong Institute of Certified Public Accountants; The Hong Kong Institute of Chartered Secretaries and The Hong Kong Institute of Directors. He is currently the company secretary of Minth Group Limited and serves as an independent non-executive director of VODone Limited, Matrix Holdings Limited, Bio-Dynamic Group Limited, China Fire Safety Enterprise Group Limited, Chiho-Tiande Group Limited, SCUD Group Limited, Zhong An Real Estate Limited, Tianjin Development Holdings Limited, China Household Holdings Limited, Wing Lee Holdings Limited and Tian He Chemicals Limited, all of which are companies listed on The Stock Exchange of Hong Kong Limited.

Dr. Ng Chi Yeung, Simon, aged 57, is qualified as a solicitor in Hong Kong, England and Wales, an advocate and solicitor in Singapore, and a barrister in the Australian Capital Territory. He is a solicitor of Rowland Chow, Chan & Co., a law firm in Hong Kong. He is also an independent non-executive director of Opes Asia Development Limited, a company listed on The Stock Exchange of Hong Kong Limited. Dr. Ng holds a Bachelor Degree from the Manchester Metropolitan University in the United Kingdom and a Masters Degree in Chinese and Comparative Law and a Doctor Degree from the Robert E. Webber Institutes for Worship Studies. He has been appointed as independent non-executive director of the Company since 1 October 1995. He is also the chairman of the remuneration committee and a member of the audit committee, the nomination committee and the corporate governance committee of the Company.

Ms. Chan Suit Fei, Esther, aged 57, is an associate member of The Hong Kong Institute of Company Secretaries and holds a higher diploma in Company Secretary and Administration from The Hong Kong Polytechnic University. She is a chartered secretary and has over 34 years' experience in corporate advisory services and secretarial practice. She is currently a director of a secretarial service company. She has been appointed as independent non-executive director of the Company since 28 September 2004. She is the chairman of the nomination committee and a member of the audit committee, the remuneration committee and the corporate governance committee of the Company.

ALTERNATE DIRECTOR

Ms. Ng Kwok Fun, aged 56, was appointed as alternate director to Mr. Ng See Wah, the chairman and an executive director of the Company on 21 October 2009. She holds a Bachelor Degree of Science from University of Toronto, majoring in Computer Science and Commerce. She has over 26 years of experience in information technology field providing system consultation and development services in various business. She is the daughter of Mr. Ng See Wah, and the elder sister of Mr. Ng Tai Wai and Mr. Ng Tai Yin, Victor, both executive directors of the Company.

COMPANY SECRETARY

Ms. Mimoona Ma, aged 41, was appointed as the qualified accountant and company secretary of the Company on 1 October 2004 and 12 July 2006 respectively. She holds a Bachelor Degree in Business Administration, and is a fellow member of the Association of Chartered Certified Accountants and a certified public accountant of the Hong Kong Institute of Certified Public Accountants. She has a number of years of experience in auditing, taxation and accounting services. She is the Head of the Accounting Department and is responsible for financial management and reporting, and reviewing the Group's internal controls.

INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report to the Members of

WINFAIR INVESTMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Winfair Investment Company Limited ("the company") and its subsidiaries (together "the Group") set out on pages 27 to 68, which comprise the consolidated statement of financial position as at 31 March 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance Cap 622 ("the Companies Ordinance"), and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 405 of the Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

INDEPENDENT AUDITORS' REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2015 and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Companies Ordinance.

Wong Brothers & Co.

Certified Public Accountants

Hong Kong, 30 June 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2015

		2015	2014
	Notes	HK\$	HK\$
Revenue	7	29,557,456	22,276,396
Other revenue	8	438,900	526,361
Other net income/(loss)	8	4,634,877	(2,445,292)
Fair value gain on investment properties		48,110,000	17,882,160
Administrative and general expenses		(6,809,359)	(6,405,063)
Finance cost		(649,760)	(679,161)
Profit before taxation	9	75,282,114	31,155,401
Taxation	12	(2,140,621)	(2,009,408)
Profit after taxation attributable to the equity shareholders of the company		73,141,493	29,145,993
Earnings per share (Basic and diluted)	13	HK\$1.83	HK\$0.73

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2015

	2015	2014
	HK\$	HK\$
Profit for the year	73,141,493	29,145,993
Other comprehensive income for the year		
<i>Items that will not be classified subsequently to profit or loss</i>		
Impairment losses on available-for-sale financial assets recognised in profit or loss	-	1,300,000
<i>Items that may be reclassified subsequently to profit or loss</i>		
Increase/(decrease) in fair value of available-for-sale financial assets	10,000,127	(8,313,112)
Release of fair value reserve upon disposal of available-for-sale financial assets	(1,218,271)	(120,915)
	8,781,856	(7,134,027)
Total comprehensive income, net of tax, for the year attributable to equity shareholders of the company	81,923,349	22,011,966

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2015

	Notes	2015		2014	
		HK\$	HK\$	HK\$	HK\$
ASSETS					
Non-current assets					
Property, plant and equipment	14		1,936,310		2,015,829
Investment properties	15		579,710,000		531,600,000
Properties held for or under development	16		12,300,000		12,300,000
Available-for-sale financial assets – equity shares listed in Hong Kong			97,852,337		87,334,899
			691,798,647		633,250,728
Current assets					
Trading securities – equity shares listed in Hong Kong		48,070,603		54,848,025	
Trade and other receivables	18	7,638,634		1,951,849	
Tax recoverable		1,072		–	
Cash and bank balances	19	53,214,835	108,925,144	35,380,884	92,180,758
Current liabilities					
Trade and other payables	20	5,066,688		5,033,439	
Bank borrowings – secured	21	28,243,600		30,173,200	
Tax payable		637,537		704,960	
Provision for long service payments	22	943,000	(34,890,825)	928,000	(36,839,599)
Net current assets			74,034,319		55,341,159
Total assets less current liabilities			765,832,966		688,591,887
Non-current liabilities					
Provision for long service payments	22	113,000		133,000	
Deferred taxation	23	774,546	(887,546)	716,986	(849,986)
NET ASSETS			764,945,420		687,741,901
CAPITAL AND RESERVES					
Share capital	24		40,000,000		40,000,000
Reserves	25		724,945,420		647,741,901
			764,945,420		687,741,901

Approved by the board of directors on 30 June 2015

Ng Tai Wai
Director

So Kwok Leung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2015

	Attributable to equity shareholders of the company				
	Share capital HK\$	Capital reserve HK\$	Fair value reserve HK\$	Retained profits HK\$	Total HK\$
At 1 April 2013	40,000,000	251,046	36,663,477	596,372,332	673,286,855
Profit for the year	-	-	-	29,145,993	29,145,993
Other comprehensive income for the year					
<i>Items that will not be classified subsequently to profit or loss</i>					
- Impairment losses on available-for-sale financial assets	-	-	1,300,000	-	1,300,000
<i>Items that may be reclassified subsequently to profit or loss</i>					
- Decrease in fair value of available-for-sale financial assets	-	-	(8,313,112)	-	(8,313,112)
- Release of fair value reserve upon disposal of available-for-sale financial assets	-	-	(120,915)	-	(120,915)
Total comprehensive income for the year	-	-	(7,134,027)	29,145,993	22,011,966
Dividends paid					
- 2012/13 final dividend (HK\$0.10 per share)	-	-	-	(4,000,000)	(4,000,000)
- 2012/13 special dividend (HK\$0.07 per share)	-	-	-	(2,800,000)	(2,800,000)
- 2013/14 interim dividend (HK\$0.02 per share)	-	-	-	(800,000)	(800,000)
Unclaimed dividend forfeited	-	-	-	43,080	43,080
At 31 March 2014 and 1 April 2014	40,000,000	251,046	29,529,450	617,961,405	687,741,901
Profit for the year	-	-	-	73,141,493	73,141,493
Other comprehensive income for the year					
<i>Items that may be reclassified subsequently to profit or loss</i>					
- Increase in fair value of available-for-sale financial assets	-	-	10,000,127	-	10,000,127
- Release of fair value reserve upon disposal of available-for-sale financial assets	-	-	(1,218,271)	-	(1,218,271)
Total comprehensive income for the year	-	-	8,781,856	73,141,493	81,923,349
Dividends paid					
- 2013/14 final dividend (HK\$0.10 per share)	-	-	-	(4,000,000)	(4,000,000)
- 2014/15 interim dividend (HK\$0.02 per share)	-	-	-	(800,000)	(800,000)
Unclaimed dividend forfeited	-	-	-	80,170	80,170
At 31 March 2015	40,000,000	251,046	38,311,306	686,383,068	764,945,420

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 HK\$	2014 HK\$
Operating activities			
Profit before taxation		75,282,114	31,155,401
Adjustments for:			
Gain on disposal of available-for-sale financial assets		(1,326,023)	(256,292)
Gain on acquisition of subsidiary		-	(320,000)
Fair value loss/(gain) on properties held for or under development		17,250	(700,000)
Fair value (gain)/loss on trading securities		(3,326,104)	2,421,584
Fair value gain on investment properties		(48,110,000)	(17,882,160)
Impairment losses on available-for-sale financial assets		-	1,300,000
Holding (loss)/gain on trading securities realised		(1,451,469)	1,633
Interest income		(197,400)	(412,361)
Interest expenses		649,760	679,161
Changes in provision for long service payments		(5,000)	(28,600)
Depreciation		81,791	82,806
Loss on disposal of property, plant and equipment		2,143	-
Operating profit before working capital changes		21,617,062	16,041,172
Decrease/(increase) in trading securities		11,554,995	(6,171,062)
Increase in trade and other receivables		(5,686,785)	(258,162)
Increase in trade and other payables		113,419	563,136
Cash generated from operations		27,598,691	10,175,084
Profits tax paid		(2,151,556)	(1,590,714)
Net cash generated from operating activities		25,447,135	8,584,370
Investing activities			
Purchase of property, plant and equipment		(4,415)	-
Purchase of investment properties		-	(32,817,840)
Acquisition of subsidiary		-	(45,043,877)
Decrease in deposit paid for the acquisition of investment properties		-	3,200,000
Increase in properties held for or under development		(17,250)	-
Purchase of available-for-sale financial assets		(3,957,311)	(975,224)
Proceeds from disposal of available-for-sale financial assets		3,547,752	1,006,377
Interest received		197,400	412,361
Net cash used in investing activities		(233,824)	(74,218,203)
Financing activities			
New bank borrowing obtained		-	15,650,000
Repayment of bank borrowing		(1,929,600)	(1,864,600)
Dividends paid		(4,800,000)	(7,600,000)
Interest paid		(649,760)	(679,161)
Net cash (used in)/generated from financing activities		(7,379,360)	5,506,239
Net increase/(decrease) in cash and cash equivalents		17,833,951	(60,127,594)
Cash and cash equivalents at beginning of year		35,380,884	95,508,478
Cash and cash equivalents at end of year, equivalent to cash and bank balances	19	53,214,835	35,380,884

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

1. GENERAL INFORMATION

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

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

2. BASIS OF PREPARATION

The financial statements have been prepared on the historical cost convention, as modified by the fair value of investment properties, properties held for or under development, available-for-sale financial assets and trading securities, and in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which includes Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). These financial statements also comply with the applicable requirements of the Companies Ordinance and disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”) and amendments to Appendix 16 of the Listing Rules.

3. ADOPTION OF NEW AND REVISED HKFRSs

In the current year, the group has applied, for the first time the following amendments to HKFRSs and interpretation issued by the HKICPA, which are effective for the group’s financial year beginning on 1 April 2014.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment Entities
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-financial Assets
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedging Accounting
HK(IFRIC) – Int 21	Levies

The application of the amendments to HKFRSs and interpretation in the current year has no material impact on the group’s financial position and results for the current and prior years.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

3. ADOPTION OF NEW AND REVISED HKFRSs (Continued)

STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT EFFECTIVE

The HKICPA has issued the following new and revised standards, improvements and amendments which are not effective for the group's financial statements for the year ended 31 March 2015:

		Effective for accounting periods beginning on or after
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 10 and HKAS 28 (2011) (Amendments)	Sale or Contribution of Assets between an Investor And its Associate or Joint Venture	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 (2011) (Amendments)	Investment Entities: Applying the Consolidation Exception	1 January 2016
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2017
HKAS 1 (Amendments)	Disclosure Initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants	1 January 2016
HKAS 19 (2011) (Amendments)	Defined Benefits Plans – Employee Contributions	1 July 2014
HKAS 27 (2011) (Amendments)	Equity Method in Separate Financial Statements	1 January 2016
Annual improvements to HKFRSs 2010-2012 Cycle		1 July 2014
Annual improvements to HKFRSs 2011-2013 Cycle		1 July 2014
Annual improvements to HKFRSs 2012-2014 Cycle		1 January 2016

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the company and all subsidiaries made up to 31 March 2015. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective date of acquisition or disposal respectively.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

4.2 SUBSIDIARIES

A subsidiary is an entity (including a structured entity) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from the involvement with entity and has ability to affect those returns through its power over the entity. When assessing whether the group has power, only substantive rights (held by the group and other parties) are considered.

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

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

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

4.3 PROPERTY, PLANT AND EQUIPMENT

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

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

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

4.4 INVESTMENT PROPERTIES

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

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

4.4 INVESTMENT PROPERTIES *(Continued)*

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

4.5 PROPERTIES HELD FOR OR UNDER DEVELOPMENT

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

4.6 IMPAIRMENT OF ASSETS

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

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

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

4.7 INVESTMENTS IN EQUITY SECURITIES

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

– **TRADING SECURITIES**

Trading securities are held by the group for short-term or designated as such upon acquisition, except those do not have a quoted market price in an active market and whose fair value cannot be reliably measured. They are carried at fair value in the statement of financial position and changes therein are recognised in profit or loss. When the share investments are sold, the gain or loss representing the difference between the net disposal proceeds and the carrying amount of the share investments is recognised in profit or loss in the period of disposal. The net gain or loss recognised in profit or loss does not include any dividends earned on these investments as they are recognised in accordance with the policies set out in note 4.16.

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

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

4.7 INVESTMENTS IN EQUITY SECURITIES *(Continued)*

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

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

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

4.8 TRADE AND OTHER RECEIVABLES

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

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

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

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

4.9 CASH AND CASH EQUIVALENTS

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

4.10 EMPLOYEE BENEFITS

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

4.10 EMPLOYEE BENEFITS *(Continued)*

The group operates a mandatory provident fund scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all eligible employees. The scheme is a defined contribution scheme administered by independent trustees. Under the scheme, the employer and employees are required to make contributions to the scheme at 5% of the employees' relevant income, subject to a maximum of monthly contribution of HK\$1,500 (HK\$1,250 prior to June 2014). Contributions to the scheme vest immediately and are recognised as an expense in profit or loss as incurred.

4.11 INTEREST-BEARING BANK BORROWINGS

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

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

4.12 TRADE AND OTHER PAYABLES

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

4.13 TAXATION

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

4.13 TAXATION *(Continued)*

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

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

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

4.14 FINANCIAL GUARANTEES ISSUED

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

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

4.15 PROVISIONS AND CONTINGENT LIABILITIES

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

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

4.16 REVENUE RECOGNITION

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

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

4.16 REVENUE RECOGNITION *(Continued)*

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

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

4.17 BORROWING COSTS

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

4.18 RELATED PARTIES

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

- (a) has control or joint control of the group;
- (b) has significant influence over the group; or
- (c) is a member of the key management personnel of the group or the group's parent.

(ii) An entity is related to the group if any of the following conditions applies:

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

4.19 SEGMENT REPORTING

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

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

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

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

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

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

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

6. SEGMENT INFORMATION

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

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

The principal activities of each segment are as follows:

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

6. SEGMENT INFORMATION (Continued)

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

	Securities investments		Property leasing		Property development		Consolidated total	
	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
STATEMENT OF PROFIT OR LOSS								
Segment revenue – from external customer	11,681,111	5,826,573	17,876,345	16,449,823	-	-	29,557,456	22,276,396
Segment results	13,322,168	1,869,934	14,160,167	13,172,254	9,521	83,761	27,491,856	15,125,949
Gain on disposal of available-for-sale financial assets	1,326,023	256,292	-	-	-	-	1,326,023	256,292
Fair value gain on investment properties	-	-	48,110,000	17,882,160	-	-	48,110,000	17,882,160
Fair value (loss)/gain on properties held for or under development	-	-	-	-	(17,250)	700,000	(17,250)	700,000
Impairment losses on available-for-sale financial assets	-	(1,300,000)	-	-	-	-	-	(1,300,000)
Results before interest, tax and corporate expenses	14,648,191	826,226	62,270,167	31,054,414	(7,729)	783,761	76,910,629	32,664,401
Gain on acquisition							-	320,000
Acquisition-related cost							-	(470,418)
Interest income							197,400	412,361
Interest expense							(649,760)	(679,161)
Unallocated corporate expenses							(1,176,155)	(1,091,782)
Profit before taxation							75,282,114	31,155,401
Taxation							(2,140,621)	(2,009,408)
Profit after taxation							73,141,493	29,145,993

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

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

The group's customer base is diversified and includes one tenant of leasing properties with whom transactions have exceeded 10% of the group's revenues amounted to approximately HK\$3.9 million (2014: HK\$3.8 million).

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

6. SEGMENT INFORMATION (Continued)

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

	Securities investments		Property leasing		Property development		Consolidated total	
	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
STATEMENT OF FINANCIAL POSITION								
Assets								
Segment assets	153,696,257	144,207,125	584,607,434	536,194,741	12,340,605	12,357,859	750,644,296	692,759,725
Tax recoverable	-	-	-	-	1,072	-	1,072	-
	153,696,257	144,207,125	584,607,434	536,194,741	12,341,677	12,357,859	750,645,368	692,759,725
Unallocated corporate assets							50,078,423	32,671,761
Consolidated total assets							800,723,791	725,431,486
Liabilities								
Segment liabilities	752,372	700,380	32,438,543	34,364,390	103,200	176,500	33,294,115	35,241,270
Tax payable and deferred taxation	-	-	1,409,875	1,418,385	2,208	3,561	1,412,083	1,421,946
	752,372	700,380	33,848,418	35,782,775	105,408	180,061	34,706,198	36,663,216
Unallocated corporate liabilities							1,072,173	1,026,369
Consolidated total liabilities							35,778,371	37,689,585
OTHER INFORMATION								
Capital expenditure	-	-	4,415	32,817,840	17,250	-	21,665	32,817,840
Acquisition of subsidiary (consideration)	-	-	-	45,380,000	-	-	-	45,380,000
Purchase of available-for-sale financial assets	3,957,311	975,224	-	-	-	-	3,957,311	975,224
Gain on acquisition	-	-	-	320,000	-	-	-	320,000
Loss on disposal of property, plant and equipment	-	-	(2,143)	-	-	-	(2,143)	-
Depreciation	1,646	1,773	80,145	81,033	-	-	81,791	82,806
Fair value gain/(loss) on trading securities	3,326,104	(2,421,584)	-	-	-	-	3,326,104	(2,421,584)
Fair value gain/(loss) on available-for-sale financial assets	10,000,127	(8,313,112)	-	-	-	-	10,000,127	(8,313,112)

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

7. REVENUE

	2015	2014
	HK\$	HK\$
Gross rental income from investment properties	17,876,345	16,449,823
Dividend income from share investments listed in Hong Kong		
– trading securities	2,128,023	2,031,448
– available-for-sale financial assets	4,905,572	3,391,601
	7,033,595	5,423,049
Net result of trading in securities	4,647,516	403,524
	29,557,456	22,276,396

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

	2015	2014
	HK\$	HK\$
Other revenue		
Bank interest income	197,400	412,361
Sundry income	241,500	114,000
	438,900	526,361
Other net income/(loss)		
Gain on disposal of available-for-sale financial assets	1,326,023	256,292
Gain on acquisition	–	320,000
Fair value gain/(loss) on trading securities	3,326,104	(2,421,584)
Fair value (loss)/gain on properties held for or under development	(17,250)	700,000
Impairment losses on available-for-sale financial assets	–	(1,300,000)
	4,634,877	(2,445,292)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

9. PROFIT BEFORE TAXATION

	2015	2014
	HK\$	HK\$
Profit before taxation is stated after charging:		
Auditors' remuneration		
– audit services	237,500	227,500
– taxation services	22,500	22,500
– interim review	40,000	38,000
– other non-audit professional services provided by affiliated company	83,850	78,395
Depreciation	81,791	82,806
Direct operating expenses in respect of investment properties		
– that generated rental income	936,007	500,720
– that did not generate rental income	29,309	4,430
Interest on bank borrowings	649,760	679,161
Loss on disposal of property, plant and equipment	2,143	–
Preliminary expenses	–	5,350
Impairment losses on available-for-sale financial assets	–	1,300,000

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

10. DIRECTORS' REMUNERATION

(a) The remuneration of the directors is as follows:–

	2015			
	Fees	Other emoluments		Total
		Salaries	Mandatory provident fund	
HK\$	HK\$	HK\$	HK\$	
Executive directors –				
Ng See Wah (i)	90,000	1,353,112	–	1,443,112
Ng Tai Wai	90,000	628,676	17,500	736,176
Ng Tai Yin, Victor	90,000	482,730	17,500	590,230
Non-executive directors –				
So Kwok Leung	90,000	–	–	90,000
So Kwok Wai, Benjamin	90,000	–	–	90,000
Independent non-executive directors –				
Loke Yu alias Loke Hoi Lam	90,000	–	–	90,000
Ng Chi Yeung, Simon	90,000	–	–	90,000
Chan Suit Fei, Esther	90,000	–	–	90,000
	720,000	2,464,518	35,000	3,219,518
	2014			
		Other emoluments		
	Fees	Salaries	Mandatory provident fund contribution	Total
	HK\$	HK\$	HK\$	HK\$
Executive directors –				
Ng See Wah (i)	85,000	1,288,664	–	1,373,664
Ng Tai Wai	85,000	598,738	15,000	698,738
Ng Tai Yin, Victor	85,000	459,732	15,000	559,732
Non-executive directors –				
So Kwok Leung	85,000	–	–	85,000
So Kwok Wai, Benjamin	85,000	–	–	85,000
Independent non-executive directors –				
Loke Yu alias Loke Hoi Lam	85,000	–	–	85,000
Ng Chi Yeung, Simon	85,000	–	–	85,000
Chan Suit Fei, Esther	85,000	–	–	85,000
	680,000	2,347,134	30,000	3,057,134

Note:

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

10. DIRECTORS' REMUNERATION (Continued)

(b) Information on directors' emolument under section 383 of Companies Ordinance Cap 622 and Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

- the directors' emolument and retirement benefit (i.e. mandatory provident fund contribution) are disclosed in note 10(a) to the financial statements. The emolument and retirement benefit are related to emolument/retirement benefit in respect of a person's services as a director, whether of the company or its subsidiary undertaking.
- No payment made or benefit provided in respect of the termination of the service of all directors, whether in the capacity of directors or in any other capacity while directors.
- No loans, quasi-loans and other dealing in favour of directors of the company; bodies corporate controlled by such directors and entities connected with such directors.
- No material interests of directors in transactions, arrangements or contracts entered into by the Company.
- No consideration provided to or receivable by third parties for making available the services of a person as director or in any other capacity while director.

11. STAFF COST

	2015	2014
	HK\$	HK\$
Directors' fees and salaries	3,184,518	3,027,134
Salaries and other benefits	1,055,518	1,027,858
Mandatory provident fund contribution	80,168	71,429
Provision for long service payments	(5,000)	(28,600)
	4,315,204	4,097,821

Among the five highest paid individuals of the group, three (2014: three) are executive directors whose emoluments are set out in note 10(a) to the financial statements. The emoluments of the other two (2014: two) individuals are as follows:-

	2015	2014
	HK\$	HK\$
Salaries	718,140	705,122
Mandatory provident fund contribution	30,615	28,700
	748,755	733,822

The emoluments of the two (2014: two) are within the emolument band ranging from HK\$Nil to HK\$1,000,000.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

12. TAXATION

	2015	2014
	HK\$	HK\$
Current income tax		
Provision for Hong Kong Profits Tax for current year	2,141,500	1,984,700
Over-provision for prior years	(58,439)	(47,530)
	2,083,061	1,937,170
Deferred tax		
Origination and reversal of temporary differences	57,560	72,238
Total income tax	2,140,621	2,009,408

Provision for Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) on the estimated assessable profit for the year.

Reconciliation between income tax and accounting profit at applicable tax rate

	2015	2014
	HK\$	HK\$
Profit before taxation	75,282,114	31,155,401
Notional tax on profit before taxation, calculated at Hong Kong Profits Tax rate of 16.5% (2014: 16.5%)	12,421,548	5,140,639
Tax effect of non-deductible expenses	27,456	440,870
Tax effect of non-taxable revenue	(9,350,058)	(4,258,929)
Tax effect of unused tax losses and unrecognised deductible temporary differences utilised	(896,211)	(1,345)
Tax effect of unused current tax losses not recognised	9,960	730,931
Others	(72,074)	(42,758)
Income tax	2,140,621	2,009,408

13. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the consolidated profit after tax of HK\$73,141,493 (2014: HK\$29,145,993) and on 40,000,000 (2014: 40,000,000) ordinary shares in issue during the year.

Diluted earnings per share equals to the basic earnings per share as the company had no dilutive potential financial instrument in issue during the year (2014: Nil).

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building HK\$	Leasehold improvement HK\$	Furniture, fixtures and equipment HK\$	Total HK\$
Cost				
At 1 April 2013, 31 March 2014 and 1 April 2014	3,758,960	462,600	208,337	4,429,897
Additions	–	–	4,415	4,415
Disposals	–	–	(4,978)	(4,978)
At 31 March 2015	3,758,960	462,600	207,774	4,429,334
Aggregate depreciation				
At 1 April 2013	1,784,652	405,230	141,380	2,331,262
Charge for the year	70,373	5,737	6,696	82,806
At 31 March 2014 and 1 April 2014	1,855,025	410,967	148,076	2,414,068
Charge for the year	70,374	5,164	6,253	81,791
Written back upon disposals	–	–	(2,835)	(2,835)
At 31 March 2015	(1,925,399)	(416,131)	(151,494)	(2,493,024)
Net book value				
At 31 March 2015	1,833,561	46,469	56,280	1,936,310
At 31 March 2014	1,903,935	51,633	60,261	2,015,829

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

15. INVESTMENT PROPERTIES

	2015 HK\$	2014 HK\$
Fair value		
At the beginning of the year	531,600,000	435,200,000
Additions	–	32,817,840
Acquisition of subsidiary	–	45,700,000
Increase in fair value	48,110,000	17,882,160
At the end of the year	579,710,000	531,600,000

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

15. INVESTMENT PROPERTIES *(Continued)*

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

	2015	2014
	HK\$	HK\$
Medium term leases	321,380,000	282,300,000
Long leases	258,330,000	249,300,000
	579,710,000	531,600,000

The group's investment properties were revalued on 31 March 2015 by RHL Appraisal Limited, an independent firm of professional surveyors, on an open market value basis. The fair value measurement is disclosed in note 32.

At 31 March 2015, the group's investment properties with aggregate carrying value of HK\$196,880,000 (2014: HK\$190,400,000) were pledged to a bank to secure general bank facilities of the group.

16. PROPERTIES HELD FOR OR UNDER DEVELOPMENT

	2015	2014
	HK\$	HK\$
Fair value		
At the beginning of the year	12,300,000	11,600,000
Additions	17,250	–
(Decrease)/increase in fair value	(17,250)	700,000
At the end of the year	12,300,000	12,300,000

The properties held for or under development are situated in Hong Kong and held under medium term leases. The properties were revalued at 31 March 2015 by RHL Appraisal Limited, an independent firm of professional surveyors, on an open market value basis. The fair value measurement is disclosed in note 32.

17. INTERESTS IN SUBSIDIARIES

	2015	2014
	HK\$	HK\$
Unlisted investments at cost	6,481,104	6,481,104
(a) Advances to subsidiaries		
– Interest free	169,169,227	175,161,764
Provision for impairment loss	(17,145,295)	(17,816,056)
	152,023,932	157,345,708
(b) Advances from subsidiaries		
– Interest free	(18,240,954)	(16,740,679)
Total	140,264,082	147,086,133

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

17. INTERESTS IN SUBSIDIARIES *(Continued)*

Particulars of the principal subsidiaries, which principally affected the results, assets or liabilities of the group, at the end of the reporting period are as follows:–

Subsidiary	Place of incorporation/ operation	Principal activity	Issued share capital HK\$	Percentage of holding
Allied (HK) Industrial Limited	Hong Kong	Investment holdings	1	100%
Hing Full Far East Development Limited	Hong Kong	Property investment	10,000	100%
Hing Shing Far East Development Limited	Hong Kong	Share investment	10,000	100%
Howe Kaye Investments Limited	Hong Kong	Property investment	10,000	100%*
Konchoy Limited	Hong Kong	Property investment	2	100%
Wang Fung Far East Development Limited	Hong Kong	Property investment/ development	10,000	100%
Winful Far East Limited	Hong Kong	Property investment/ development	100	100%
Wing Sum Investment Company Limited	Hong Kong	Property investment	10,000	100%
Yick Fu Investment Company Limited	Hong Kong	Property investment	1,800,000	100%
YLH Limited	Hong Kong	Property investment	10,000	100%

* 100% directly held by Allied (HK) Industrial Limited

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

17. INTERESTS IN SUBSIDIARIES (Continued)

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

	The company	
	2015	2014
	HK\$	HK\$
At the beginning of the year	17,816,056	17,915,663
Impairment loss written back for the year	(670,761)	(99,607)
At the end of the year	17,145,295	17,816,056

At 31 March 2015, the amounts due from subsidiaries were individually determined to be impaired on the basis of the net assets of the subsidiaries. The company does not hold any collateral over these balances. Amounts due from subsidiaries that are not impaired are HK\$139,787,663 (2014: HK\$128,132,728).

18. TRADE AND OTHER RECEIVABLES

	2015		2014
	HK\$		
Rental receivables			
– Within 30 days	243,462		213,981
– Within 31 days to 60 days	111,600		176,400
– Within 61 days to 90 days	111,600		155,400
– Within 91 days to 180 days	1,500		5,657
Other receivables	468,162		551,438
	6,834,166		1,040,405
Rental and receivables, unimpaired	7,302,328		1,591,843
Deposits and prepayments	336,306		360,006
	7,638,634		1,951,849

Normally, monthly rentals are payable in advance by tenants in accordance with the leases. Except for the rental receivable amounting to HK\$1,500 (2014: HK\$5,657), the rental receivables and other receivables of the group were current and were aged less than 90 days. The ageing analysis is based on first date on each month in accordance with the leases. The group does not hold any collateral over these balances.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

19. CASH AND BANK BALANCES

	2015	2014
	HK\$	HK\$
Time deposits	20,104,604	17,029,342
Cash at banks and in hand	33,110,231	18,351,542
	53,214,835	35,380,884

As at 31 March 2015, the time deposits had a term for original maturity of 1 month and borne interest at 0.75% per annum (2014: 1.05% per annum).

Cash at banks of the group amounting to HK\$29,474,266 (2014: HK\$15,139,807) earns interest at floating rates based on daily bank deposits rates.

20. TRADE AND OTHER PAYABLES

	2015	2014
	HK\$	HK\$
Rental deposits received	3,066,140	2,984,276
Receipts in advance	145,893	212,590
Unclaimed dividends	303,586	338,865
Accrued expenses	1,551,069	1,497,708
	5,066,688	5,033,439

21. BANK BORROWINGS, SECURED

The bank loans are repayable as follows:

	2015	2014
	HK\$	HK\$
Current liabilities		
Within one year	1,929,600	1,929,600
After one year but not exceeding two years	1,929,600	1,929,600
After two years but not exceeding five years	14,129,400	5,788,800
After five years	10,255,000	20,525,200
	28,243,600	30,173,200

The bank loans bear interest at 2% above Hong Kong Interbank Offered Rate, or 1% per annum below Hong Kong Dollars Best Lending Rate of a commercial bank in Hong Kong. During the year, interest on bank borrowings was HK\$649,760 (2014: HK\$679,161).

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

21. BANK BORROWINGS, SECURED (Continued)

The group needs to fulfill certain covenants on loan-to-security value ratio. If the group were to breach the covenants, the drawn down facilities would become payable on demand and the rent of the pledged properties collected by the bank. The group regularly monitors its compliance with these covenants. As at 31 March 2015, none of the covenants was breached.

The company has executed a corporate guarantee amounting to HK\$82,900,000 (2014: HK\$82,900,000) in favour of a bank for securing the loans of the group. The bank loans are renewable annually and have been renewed subsequently after the year end.

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

22. PROVISION FOR LONG SERVICE PAYMENTS

	2015	2014
	HK\$	HK\$
At the beginning of the year	1,061,000	1,089,600
Change in provision for the year	(5,000)	(28,600)
At the end of the year	1,056,000	1,061,000
Classification in the statement of financial position:		
Current	943,000	928,000
Non-current	113,000	133,000
	1,056,000	1,061,000

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

23. DEFERRED TAXATION

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

Deferred tax arising from:	Accelerated depreciation allowances	Unused tax losses	Total
	HK\$	HK\$	HK\$
At 1 April 2013	647,706	(2,958)	644,748
Charged to profit or loss	71,955	283	72,238
<hr/>			
At 31 March 2014 and 1 April 2014	719,661	(2,675)	716,986
Charged/(credited) to profit or loss	67,470	(9,910)	57,560
<hr/>			
At 31 March 2015	787,131	(12,585)	774,546

DEFERRED TAX ASSETS UNRECOGNISED

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

	2015	2014
	HK\$	HK\$
Unused tax loss	6,781,351	12,151,012

24. SHARE CAPITAL

	2015		2014	
	No. of shares	Amount HK\$	No. of shares	Amount HK\$
Issued and fully paid				
Ordinary shares	40,000,000	40,000,000	40,000,000	40,000,000

On 3 March 2014, the prevailing Hong Kong Companies Ordinance Cap 622 came into effect. The Cap 622 abolished the concepts of nominal (par) value and the company ceased to have any authorised capital.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

25. RESERVES

The Group

	Notes	Capital reserve HK\$	Fair value reserve HK\$	Retained profits HK\$	Total HK\$
At 1 April 2013		251,046	36,663,477	596,372,332	633,286,855
Profit for the year		–	–	29,145,993	29,145,993
Impairment losses on available-for-sale financial assets		–	1,300,000	–	1,300,000
Decrease in fair value of available-for-sale financial assets		–	(8,313,112)	–	(8,313,112)
Release of fair value reserve upon disposal of available-for-sale financial assets		–	(120,915)	–	(120,915)
Total comprehensive income		–	(7,134,027)	29,145,993	22,011,966
Dividends paid		–	–	(7,600,000)	(7,600,000)
Unclaimed dividend forfeited	26	–	–	43,080	43,080
At 31 March 2014 and 1 April 2014		251,046	29,529,450	617,961,405	647,741,901
Profit for the year		–	–	73,141,493	73,141,493
Increase in fair value of available-for-sale financial assets		–	10,000,127	–	10,000,127
Release of fair value reserve upon disposal of available-for-sale financial assets		–	(1,218,271)	–	(1,218,271)
Total comprehensive income		–	8,781,856	73,141,493	81,923,349
Dividends paid		–	–	(4,800,000)	(4,800,000)
Unclaimed dividend forfeited	26	–	–	80,170	80,170
At 31 March 2015		251,046	38,311,306	686,383,068	724,945,420

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

25. RESERVES (Continued)

The company

	Reserve – Retained profits	
	2015	2014
	HK\$	HK\$
At the beginning of the year	197,833,989	201,579,099
Profit for the year	16,196,202	3,811,810
Dividends paid	(4,800,000)	(7,600,000)
Unclaimed dividend forfeited	80,170	43,080
	(4,719,830)	(7,556,920)
At the end of the year	209,310,361	197,833,989

Distributable reserves of the Company at the end of the reporting period, calculated under section 291, 297 and 299 of the Hong Kong Companies Ordinance is as follows:

Statement of the reserve available for distribution to shareholders	Distributable reserve	
	2015	2014
	HK\$	HK\$
At the beginning of the year	195,648,141	199,693,251
Distributable profit for the year	13,826,202	3,511,810
Dividends paid	(4,800,000)	(7,600,000)
Unclaimed dividend forfeited	80,170	43,080
	(4,719,830)	(7,556,920)
At the end of the year	204,754,513	195,648,141

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

26. DIVIDENDS

	2015	2014
	HK\$	HK\$
Dividends attributable to the year –		
Interim dividend at HK\$0.02 (2014: HK\$0.02) per share paid during the year	800,000	800,000
Final dividend at HK\$0.12 (2014: HK\$0.10) per share proposed after the reporting period	4,800,000	4,000,000
	5,600,000	4,800,000
Unclaimed dividend forfeited (Note (a))	(80,170)	(43,080)
	5,519,830	4,756,920

Note (a) Pursuant to Article 145 of the Articles of Association of the company, on 31 March 2015 the board of directors resolved that the dividends for the financial years 2007/08 to 2008/09 amounting to HK\$80,170 payable on or before 16 January 2009 remained unclaimed on 31 March 2015 be forfeited and recognised in the equity.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

27. STATEMENT OF FINANCIAL POSITION OF THE COMPANY AS AT 31 MARCH 2015

	2015		2014	
	HK\$	HK\$	HK\$	HK\$
ASSETS				
Non-current assets				
Property, plant and equipment		15,118		16,798
Investment properties		6,370,000		4,000,000
Interest in subsidiaries		140,264,082		147,086,133
		146,649,200		151,102,931
Current assets				
Trading securities – equity shares listed in Hong Kong	48,070,603		54,848,025	
Trade and other receivables	6,030,822		606,852	
Cash and bank balances	50,453,709	104,555,134	33,101,350	88,556,227
Current liabilities				
Trade and other payables	1,484,973		1,422,169	
Provision for long service payments	390,000	(1,874,973)	390,000	(1,812,169)
Net current assets		102,680,161		86,744,058
Total assets less current liabilities		249,329,361		237,846,989
Non-current liabilities				
Provision for long service payments		(19,000)		(13,000)
NET ASSETS		249,310,361		237,833,989
CAPITAL AND RESERVES				
Share capital		40,000,000		40,000,000
Reserves		209,310,361		197,833,989
		249,310,361		237,833,989

Approved by the board of directors on 30 June 2015

Ng Tai Wai
Director

So Kwok Leung
Director

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

28. OPERATING LEASE ARRANGEMENTS

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

	2015	2014
	HK\$	HK\$
Not later than one year	11,822,086	15,872,676
Later than one year and not later than five years	4,445,007	9,210,484
	16,267,093	25,083,160

The operating leases normally run from one to three years.

29. FINANCIAL GUARANTEES

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

	The company	
	2015	2014
	HK\$	HK\$
Guaranteed amount (Maximum exposure to credit risk)	82,900,000	82,900,000
Outstanding balance of the bank loans	28,243,600	30,173,200

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

Save as corporate guarantee provided to subsidiaries, there is no other financial assistance guarantee provided to affiliated companies under Listing Rule 13.16 (2014: Nil).

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

30. CAPITAL MANAGEMENT

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

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

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

As at 31 March 2015, the group maintained sufficient cash and cash equivalents which exceeded the total debts plus proposed dividend. The management considers that the ratio is not significant to the group, no quantitative disclosure is presented. As at 31 March 2014, the group's net-debt-to-adjusted capital ratio was 1.3%.

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

31. FINANCIAL RISK MANAGEMENT

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

(a) CREDIT RISK

The group's maximum exposure to credit risk in relation to financial assets is the carrying amounts of trade and other receivables and bank balances, which are disclosed in note 18 and note 19 respectively.

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

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

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

31. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) LIQUIDITY RISK

The group regularly and closely monitors its current and expected liquidity position to ensure adequate funds are available for its short-term and long-term requirements. Also, the group regularly monitors its compliance with lending covenants of bank loans as set out in note 21. Management believes that the group has sound liquidity position and has sufficient cash reserve for its operations and capital commitment obligation.

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

	Carrying amounts	Total undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 31 March 2015						
Bank borrowings, secured, subject to a repayment on demand clause	28,243,600	30,705,099	2,532,134	2,489,660	15,409,437	10,273,868
Rental deposit received	3,066,140	3,066,140	3,066,140	-	-	-
Unclaimed dividends	303,586	303,586	303,586	-	-	-
	31,613,326	34,074,825	5,901,860	2,489,660	15,409,437	10,273,868
At 31 March 2014						
Bank borrowings, secured, subject to a repayment on demand clause	30,173,200	33,247,240	2,568,013	2,525,955	7,325,512	20,827,760
Rental deposit received	2,984,276	2,984,276	2,984,276	-	-	-
Unclaimed dividends	338,865	338,865	338,865	-	-	-
	33,496,341	36,570,381	5,891,154	2,525,955	7,325,512	20,827,760

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

31. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) CASH FLOW INTEREST RATE RISK

As the group has fixed deposits placed at banks at floating interest rates, interest rate risk arises from changes in market interest rates which affect the group's interest income. Except for the surplus funds retained with banks as detailed in note 19 to the financial statements, the group has no other significant interest-bearing assets at floating interest rates which are exposed to cash flow interest rate risk.

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

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

	2015		2014	
	Effective interest rate	HK\$	Effective interest rate	HK\$
	%		%	
Variable rate borrowings:				
Bank borrowings, secured	2.19% to 2.30%	28,243,600	2.19% to 2.21%	30,173,200

At 31 March 2015, if interest rates on borrowing had been increased/decreased by 50 basis point, with all other variables held constant, the group's profit after tax for the year would have been decreased/increased by approximately HK\$135,000 (2014: HK\$145,000) mainly as a result of higher/lower interest expense on floating rate borrowing.

The sensitivity analysis above had been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for the group's floating rate borrowing in existence at that date. The 50 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual financial year date. The analysis is performed on the same basis for 2014.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

31. FINANCIAL RISK MANAGEMENT *(Continued)*

(d) PRICE RISK

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

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

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

- profit or loss for the year and retained profits would increase/decrease by approximately HK\$4.8 million (2014: HK\$5.5 million) due to increase/decrease in the fair value of trading securities.
- total equity would increase/decrease by approximately HK\$9.8 million (2014: HK\$8.7 million) due to increase/decrease in fair value of available-for-sale financial assets.

The sensitivity analysis has been determined assuming that the reasonably possible changes in listed shares prices had increased/decreased by 10% with all other variables held constant at the end of reporting period. The changes represent the management's assessment of reasonably possible changes in the relevant share prices over the period until the next financial year end. The analysis is performed on the same basis for 2014.

(e) FAIR VALUE ESTIMATION

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

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

31. FINANCIAL RISK MANAGEMENT *(Continued)*

(f) FINANCIAL ASSETS MEASURED AT FAIR VALUE

FAIR VALUE HIERARCHY

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 13 "Fair Value Measurement". These fair value measurements are categorised into different level in the fair value hierarchy based on the inputs to valuation technique used. The different levels are defined as follows:

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

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

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

Recurring fair value measurement

Financial assets

	Level 1	Level 2	Level 3	Total
	HK\$	HK\$	HK\$	HK\$
As at 31 March 2015				
Available-for-sale financial assets				
– listed shares in HK	97,852,337	–	–	97,852,337
Trading securities – listed shares in HK	48,070,603	–	–	48,070,603
	145,922,940	–	–	145,922,940
As at 31 March 2014				
Available-for-sale financial assets				
– listed shares in HK	87,334,899	–	–	87,334,899
Trading securities – listed shares in HK	54,848,025	–	–	54,848,025
	142,182,924	–	–	142,182,924

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

32. FAIR VALUE MEASUREMENT ON PROPERTIES

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

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
As at 31 March 2015				
Investment properties	–	–	579,710,000	579,710,000
Property held for or under development	–	–	12,300,000	12,300,000
	–	–	592,010,000	592,010,000
As at 31 March 2014				
Investment properties	–	–	531,600,000	531,600,000
Property held for or under development	–	–	12,300,000	12,300,000
	–	–	543,900,000	543,900,000

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

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

The fair value of all investment properties and property held for or under development are classified as level 3. The movements of investment properties and property held for or under development during the year were set out in notes 15 and 16 respectively. The fair value is determined by the independent firm of professional surveyors using direct comparison approach by reference to recent sales price of comparable properties on a price per square foot basis. The valuations are taking into account of the characteristic of the properties in terms of the size, floor, age, location, time, layout, frontage, accessibility (including transportation and convenience) and other factors collectively. Judgement was exercised, based on factors available and on holistic approach, on the adjustment onto the comparables by comparing the difference of comparables and subject property. Higher premium for the properties reflects in a higher value measurement. If appropriate, the adjusted unit rate is used as an indication factors to reflect the characteristic of the property and the gross return yield is used as a reference. In assessing the gross yield, it is subject to the existing annual rental income in against to the market value assessed by direct comparison.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

Information about group's properties classified as level 3 fair value measurement at the end of the reporting period is as follows:

As at 31 March 2015

Description	Fair value	Valuation Technique	Unobservable Inputs	Range (per square foot)	Relationship of unobservable inputs
Commercial properties	HK\$400,800,000	Direct comparison approach	Recent price of similar properties in the relevant market after taking into account of location, size, layout, frontage, time, building age, floor, facility and accessibility.	HK\$3,251 to HK\$147,619	Better the characteristic of properties, higher the price per sq. ft. and the fair value.
Industrial properties	HK\$23,180,000	Direct comparison approach	Recent price of similar properties in the relevant market after taking into account of size, floor, time and building age.	HK\$2,134 to HK\$2,673	Better the characteristic of properties, higher the price per sq. ft. and the fair value.
Residential & commercial properties	HK\$155,730,000	Direct comparison approach	Recent price of similar properties in the relevant market after taking into account of location, size, time, floor and building age.	HK\$6,369 to HK\$54,513	Better the characteristic of properties, higher the price per sq. ft. and the fair value
Site	HK\$12,300,000	Direct comparison approach	Recent price of similar properties in the relevant market after taking into account of location, size, and accessibility.	HK\$350 to HK\$738	Better the characteristic of properties, higher the price per sq. ft. and the fair value.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

As at 31 March 2014

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

33. CONNECTED TRANSACTION

Except for directors' remuneration for directors which is disclosed in note 10(a) to the financial statements, there were no material related party transactions or continuing related party transaction falls under the definition connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules of Stock Exchange for the year ended 31 March 2015 and 31 March 2014.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

34. DIRECTORS' INTEREST IN CONTRACTS, TRANSACTIONS AND ARRANGEMENTS

No contracts, transactions or arrangements of significance in relation to the company's business in which the Company or Company's subsidiaries was a party, and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

35. AGGREGATE AMOUNT OF AUTHORIZED LOANS

There was loans made under the authority of sections 280 and 281 of Companies Ordinance Cap 622 during or at the end of the year ended 31 March 2015 (2014: Nil).

SCHEDULE OF PROPERTIES HELD BY THE GROUP

AS AT 31 MARCH 2015

(A) PROPERTIES HELD FOR OR UNDER DEVELOPMENT

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

* No significant development progress

(B) PROPERTIES HELD FOR INVESTMENT

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

SCHEDULE OF PROPERTIES HELD BY THE GROUP

AS AT 31 MARCH 2015

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

	Location	Lot No.	Usage	Group's interest	Lease term
(6)	No. 96 Bonham Strand East, Sheung Wan, Hong Kong	Sec. E. of Inland Lot No. 863	Residential & Commercial	100%	Long
(7)	No. 92 Bonham Strand East, Sheung Wan, Hong Kong:- 3rd floor	RP of SS1 of Sec. F of Inland Lot No. 863	Commercial	100%	Long
(8)	Nos. 4, 6 and 6A, Nam Kok Road, Kowloon:- Ground floor and 1st floor	Remaining Portion of New Kowloon Inland Lot Nos. 1822, 1824 and 2183	Commercial	100%	Medium
(9)	Nos. 8 and 10, Nam Kok Road, Kowloon:- Ground floor	Remaining Portion of New Kowloon Inland Lot Nos. 1936, 2278, 2279, 2280 and 2281	Commercial	100%	Medium
(10)	76 Waterloo Road, Kowloon:- Ground floor and mezzanine floor	Section D of Kowloon Inland Lot No. 3903	Commercial	100%	Long
(11)	76A Waterloo Road, Kowloon:- Ground floor and mezzanine floor	Section F of Kowloon Inland Lot No. 3903	Commercial	100%	Long
(12)	Nanking Building, No. 1F Nanking Street, Kowloon:- Shop G on ground floor	Kowloon Inland Lot No. 6533	Commercial	100%	Medium
(13)	No. 60 Ma Tau Chung Road, Kowloon.	Sub-Section 1 of Section A of Kowloon Inland Lot No. 4311	Residential & Commercial	100%	Long
(14)	No. 62 Ma Tau Chung Road, Kowloon.	Remaining Portion of Sub-Section 2 of Section A of Kowloon Inland Lot No. 4311	Residential & Commercial	100%	Long
(15)	No. 64 Ma Tau Chung Road, Kowloon.	Section A of Sub-Section 2 of Section A of Kowloon Inland Lot No. 4311	Residential & Commercial	100%	Long

FIVE YEAR FINANCIAL SUMMARY

	For the year ended 31 March				2015
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Consolidated statement of profit or loss					
Revenue	18,567	18,473	21,395	22,276	29,557
Profit before tax	75,875	40,296	179,430	31,155	75,282
Taxation	(1,653)	(1,476)	(1,698)	(2,009)	(2,141)
Profit for the year	74,222	38,820	177,732	29,146	73,141
Consolidated statement of financial position					
Property, plant and equipment	2,276	2,200	2,098	2,016	1,936
Investment properties	294,800	335,850	435,200	531,600	579,710
Properties held for or under development	9,900	9,900	11,600	12,300	12,300
Available-for-sale financial assets	99,220	89,492	95,544	87,335	97,852
Current assets	71,380	61,994	151,465	92,180	108,925
Current liabilities	(5,047)	(5,542)	(21,800)	(36,840)	(34,891)
Non-current liabilities	(794)	(858)	(820)	(850)	(887)
Net assets	471,735	493,036	673,287	687,741	764,945

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the shareholders of Winfair Investment Company Limited (the “Company”) will be held at Tang Room, 3rd Floor, Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong on Friday, 4 September 2015, at 9:30 a.m. for the following purposes:–

1. To receive the Reports of the Directors and of the Auditor, and the audited financial statements of the Company and of the group for the year ended 31 March 2015.
2. To declare a final dividend of HK\$0.12 per share for the year ended 31 March 2015.
3. To re-elect Directors and to fix the remuneration of all Directors.
4. To re-appoint Wong Brothers & Co. as the Auditor of the Company and to authorise the Directors to fix their remuneration.
5. To consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:–

“THAT

- (a) subject to paragraph (c) of this Resolution, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares of the Company, to grant rights to subscribe for, or convert any security into, shares in the Company (including the issue of any securities convertible into shares, or options, warrants or similar rights to subscribe for any shares), be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such power during or after the end of the Relevant Period;
- (c) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraphs (a) and (b), otherwise than pursuant to a Rights Issue (as defined below), shall not exceed 20 percent of the number of shares of the Company in issue and the said approval shall be limited accordingly; and
- (d) for the purposes of this Resolution:–

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

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

NOTICE OF ANNUAL GENERAL MEETING

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

By Order of the Board
Mimoona MA
Company Secretary

Hong Kong, 30 June 2015

Registered Office:

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

NOTES:

- (1) For the purpose of ascertaining the entitlement of the shareholders to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from Tuesday, 1 September 2015 to Friday, 4 September 2015, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Share Registrar, Computershare Hong Kong Investor Services Limited, 17/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 31 August 2015.
- (2) The register of members of the Company will also be closed from Thursday, 10 September 2015 to Friday, 11 September 2015, both days inclusive, during which period no transfer of shares of the Company will be registered for the purpose of ascertaining the entitlement to the proposed final dividend for the year ended 31 March 2015. To qualify for the receipt of the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Share Registrar, Computershare Hong Kong Investor Services Limited, 17/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 9 September 2015.
- (3) A shareholder entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a shareholder of the Company. In order to be valid, the proxy form must be deposited at the Company’s registered office at least 48 hours before the time appointed for holding the meeting. Proxy forms sent electronically or by any other data transmission process will not be accepted.
- (4) A shareholder who is a corporation may by resolution of its Directors or other governing body authorise any of its officials or any other persons to act as its representative in the meeting and exercise the same powers on its behalf as if he had been an individual shareholder of the Company and such corporation shall be deemed to be present in person at any such meeting if a person so authorised is present thereat.
- (5) Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, all resolutions set out in this notice will be decided by poll at the meeting.
- (6) Pursuant to Articles 110 and 111 of the Articles of Association of the Company, Mr. Ng See Wah, Mr. So Kwok Leung and Dr. Ng Chi Yeung Simon will retire by rotation from office and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

- (7) Details of all retiring Directors, their interests in the shares of the Company, their remuneration and basis of determining their emoluments are set out under heading “Directors and Senior Management”, “Directors’ Interest in Securities” in the Directors’ Report, “Directors’ Remuneration” in Note 10 to Financial Statements and “Emolument Policy” in the Corporate Governance Report respectively in the Annual Report 2014/2015. Save as disclosed in the Annual Report 2014/2015, there are no other matters that need to be brought to the attention of the shareholders or disclosed pursuant to any of the requirements of Rule 13.51(2).
- (8) If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force at any time after 8:00 a.m. on the date of the meeting, the meeting will be postponed or adjourned. The Company will post an announcement on its website (www.winfairinvestment.com) and HKExnews website (www.hkexnews.hk) to notify shareholders of the date, time and place of the rescheduled meeting.
- (9) The Board has assessed the independence of Dr. Ng Chi Yeung Simon, who has served the Board for more than nine years and is due for re-election at the forthcoming annual general meeting. Dr. Ng was appointed as an independent non-executive director in 1995. Save for his role as an independent non-executive director, Dr. Ng does not hold any executive or management role and does not involved in the daily management of the Company and the Group, nor is he in any relationship or circumstances which would interfere with the exercise of his independent judgment. Dr. Ng has provided a written confirmation of independence to the Company. The Board is satisfied that Dr. Ng meets the independence requirements of the Listing Rules notwithstanding the length of his service with the Company and believes that Dr. Ng is still independent and should be re-elected as an independent non-executive director at the forthcoming annual general meeting.