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WINFAIR INVESTMENT COMPANY LIMITED
永發置業有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 287)

ANNOUNCEMENT OF FINAL RESULTS

FOR THE YEAR ENDED 31 MARCH 2013

The board of directors of Winfair Investment Company Limited would like to announce the audited consolidated results of the company and its subsidiaries (the "group") for the year ended 31 March 2013. The annual results of the group have been reviewed by the company's audit committee.

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2013

	Notes	2013 HK$	(Restated) 2012 HK$
Revenue	3	21,395,291	18,473,180
Other revenue	4	326,538	132,540
Other net income/(loss)	4	51,546,863	(13,484,678)
Fair value gain on investment properties		112,183,582	41,050,000
Administrative and general expenses		(5,732,479)	(5,875,424)
Finance cost		(289,320)	- -
Profit before taxation		179,430,475	40,295,618
Taxation	5	(1,697,774)	(1,476,252)
Profit after taxation attributable to the equity shareholders of the company		177,732,701	38,819,366
Earnings per share (Basic and diluted)	6	HK$4.44	HK$0.97

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

	Notes		31 March 2013		(Restated) 31 March 2012		(Restated) 1 April 2011
		HK$	HK$	HK$	HK$	HK$	HK$
ASSETS							
Non-current assets							
Property, plant and equipment			2,098,635		2,200,191		2,276,138
Investment properties			435,200,000		335,850,000		294,800,000
Properties held for or under development			11,600,000		9,900,000		9,900,000
Available-for-sale financial assets – equity shares listed in Hong Kong			95,543,787		89,492,196		99,220,565
			544,442,422		437,442,387		406,196,703
Current assets							
Trading securities – equity shares listed in Hong Kong		51,100,180		47,661,182		57,673,336	
Trade and other receivables	7	4,856,144		1,367,421		1,226,774	
Tax recoverable		- -		284,255		100,366	
Cash and bank balances		95,508,478	151,464,802	12,681,273	61,994,131	12,379,042	71,379,518
Current liabilities							
Trade and other payables	8	4,177,260		4,524,956		3,431,429	
Bank borrowing, secured	9	16,387,800		- -		- -	
Tax payable		320,961		116,562		727,350	
Provision for long service payments		913,600	(21,799,621)	900,400	(5,541,918)	888,200	(5,046,979)
Net current assets			129,665,181		56,452,213		66,332,539
Total assets less current liabilities			674,107,603		493,894,600		472,529,242
Non-current liabilities							
Provision for long service payments		176,000		221,500		205,000	
Deferred taxation		644,748	(820,748)	637,026	(858,526)	588,620	(793,620)
NET ASSETS			673,286,855		493,036,074		471,735,622
CAPITAL AND RESERVES							
Share capital	10		40,000,000		40,000,000		40,000,000
Reserves			633,286,855		453,036,074		431,735,622
			673,286,855		493,036,074		471,735,622

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2013

	Attributable to equity shareholders of the company				
	Share capital HK$	Capital reserve HK$	Fair value reserve HK$	Retained profits HK$	Total HK$
At 1 April 2011, as previously stated	40,000,000	251,046	40,948,046	367,370,602	448,569,694
Change in accounting policy					
- Adoption of amendment to HKAS 12	- -	- -	- -	23,165,928	23,165,928
At 1 April 2011, restated	40,000,000	251,046	40,948,046	390,536,530	471,735,622
Profit for the year, restated	- -	- -	- -	38,819,366	38,819,366
Other comprehensive income for the year					
- Decrease in fair value of available-for-sale financial assets	- -	- -	(12,759,519)	- -	(12,759,519)
Total comprehensive income, restated	- -	- -	(12,759,519)	38,819,366	26,059,847
Dividends paid					
- 2010/11 final dividend (HK$0.10 per share)	- -	- -	- -	(4,000,000)	(4,000,000)
- 2011/12 interim dividend (HK$0.02 per share)	- -	- -	- -	(800,000)	(800,000)
Unclaimed dividend forfeited	- -	- -	- -	40,605	40,605
At 31 March 2012 and 1 April 2012, restated	40,000,000	251,046	28,188,527	424,596,501	493,036,074
Profit for the year	- -	- -	- -	177,732,701	177,732,701
Other comprehensive income for the year					
- Increase in fair value of available-for-sale financial assets	- -	- -	11,691,099	- -	11,691,099
- Reclassification adjustment relating to disposal of available-for-sale financial assets	- -	- -	(3,216,149)	- -	(3,216,149)
Total comprehensive income	- -	- -	8,474,950	177,732,701	186,207,651
Dividends paid					
- 2011/12 final dividend (HK$0.10 per share)	- -	- -	- -	(4,000,000)	(4,000,000)
- 2012/13 interim dividend (HK$0.02 per share)	- -	- -	- -	(800,000)	(800,000)
- 2012/13 special dividend (HK$0.03 per share)	- -	- -	- -	(1,200,000)	(1,200,000)
Unclaimed dividend forfeited	- -	- -	- -	43,130	43,130
At 31 March 2013	40,000,000	251,046	36,663,477	596,372,332	673,286,855

Notes

1. ADOPTION OF NEW AND REVISED HKFRSs

In the current year, the group has applied, for the first time the following amendment to accounting standard issued by the HKICPA which is effective for the group's financial year beginning on 1 April 2012.

<u>Amendment to HKAS 12 "Deferred Tax: Recovery of Underlying Assets"</u>

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

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

Effect on the change in accounting policy is summarised below:

(a) Effect on consolidated income statement / consolidated statement of comprehensive income for the year ended 31 March 2012

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

1. ADOPTION OF NEW AND REVISED HKFRSs (Cont'd)

(b) Effect on the consolidated statement of financial position

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

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

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

1. ADOPTION OF NEW AND REVISED HKFRSs (Cont'd)

Standards, amendments and interpretations not effective

The HKICPA has issued the following new and revised standards, interpretations and amendments which are not effective for the group's financial statements for the year ended 31 March 2013:

		Effective for accounting periods beginning on or after
HKFRS 1 (Amendment)	Government loans	1 January 2013
HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
HKFRS 9	Financial Instruments	1 January 2015
HKFRS 10	Consolidated Financial Statements	1 January 2013
HKFRS 11	Joint Arrangements	1 January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1 January 2013
HKFRS 13	Fair Value Measurement	1 January 2013
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendment)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment Entities	1 January 2014
HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income	1 July 2012
HKAS 19 (2011)	Employee Benefits	1 January 2013
HKAS 27 (2011)	Separate Financial Statements	1 January 2013
HKAS 28 (2011)	Investments in Associates and Joint Ventures	1 January 2013
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities	1 January 2014
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Annual improvements to HKFRSs 2009-2011 Cycle		1 January 2013

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

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

2. SEGMENT INFORMATION

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

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

The principal activities of each segment are as follows:

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

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

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

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

2. SEGMENT INFORMATION (Cont'd)

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

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

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

3. REVENUE

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

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

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

5. TAXATION

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

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

6. EARNINGS PER SHARE

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

Diluted earnings per share equals to the basic earnings per share as the company had no dilutive potential financial instrument in issue during the year (2012: Nil).

7. TRADE AND OTHER RECEIVABLES

	The group	
	2013	**2012**
	HK$	**HK$**
Rental receivables	361,893	211,513
Other receivables	964,360	783,782
Rental and receivables, unimpaired	1,326,253	995,295
Deposits and prepayments	3,529,891	372,126
	4,856,144	1,367,421

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

8. TRADE AND OTHER PAYABLES

	The group	
	2013	**2012**
	HK$	**HK$**
Rental deposits received	2,353,876	2,346,473
Receipts in advance	159,806	666,132
Unclaimed dividends	505,520	523,275
Accrued expenses	1,158,058	989,076
	4,177,260	4,524,956

9. BANK BORROWING - SECURED

The bank loan is repayable as follows:

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

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

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

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

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

10. SHARE CAPITAL

	2013		2012	
	No. of shares	Amount HK$	No. of shares	Amount HK$
Authorised				
Ordinary shares of HK$1 each	60,000,000	60,000,000	60,000,000	60,000,000
Issued and fully paid				
Ordinary shares of HK$1 each	40,000,000	40,000,000	40,000,000	40,000,000

11. DIVIDENDS

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

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

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

12. EVENTS AFTER THE END OF REPORTING PERIOD

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

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

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

(b) Up to 25 June 2013, the market value of the group’s shares dropped by approximately of HK$14.1 million, following a decline in Hong Kong Heng Seng Index to the same period.

DIVIDENDS

In January 2013, the group paid an interim dividend of HK$0.02 (2012: HK$0.02) per share and special dividend of HK$0.03 (2012: Nil) per share, totaling HK$2,000,000 (2012: HK$800,000).

The board will propose in the Annual General Meeting to be held on 23 August 2013 the payment of a final dividend of HK$0.10 (2012: HK$0.10) per share and a special dividend of HK$0.07 (2012: Nil) per share in respect of the year ended 31 March 2013, absorbing a total amount of HK$6,800,000 (2012: HK$4,000,000). It is proposed that the dividend cheque will be dispatched on or before 17 September 2013 to the shareholders whose names are on the Register of Members on 4 September 2013.

CLOSURE OF REGISTER

For the purpose of ascertaining the entitlement of the shareholders to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from Monday, 19 August 2013 to Friday, 23 August 2013, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 16 August 2013.

The register of members of the Company will also be closed from Monday, 2 September 2013 to Wednesday, 4 September 2013, both days inclusive, during which period no transfer of shares of the Company will be registered for the purpose of ascertaining the entitlement to the proposed final dividend and special dividend for the year ended 31 March 2013. To qualify for the receipt of the proposed final dividend and special dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 30 August 2013.

CORPORATE GOVERNANCE PRACTICE

Save for the exceptions below, the company has complied with all the Code Provisions of the Code throughout the year ended 31 March 2013 and up to the latest practicable date prior to the publication of this announcement:

1. The group has not designated any chief executive. In normal practice, prior approvals by all executive directors are required for all strategic decisions and are confirmed in formal board meeting or under written resolutions subsequently. The group believes that the existing organisation and decision making procedures are adequate for the group to cope with the ever-changing economic environment;

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

3. Directors appointed to fill casual vacancy are not subject to election by shareholders at the first general meeting after their appointment. They will hold office until the next annual general meeting in which they are eligible for re-election;

4. The group has not arranged appropriate insurance cover in respect of legal action against its directors. As the board considers that the board adopts prudent management policy, the need for insurance policy will be reviewed from time to time; and

5. No formal letters of appointment for directors setting out the key terms and conditions of their appointments. The group is in the process of drafting the formal appointment letter for directors (including independent non-executive directors, non-executive directors and executive directors).

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.

MANAGEMENT DISCUSSIONS AND ANALYSIS

Results

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

Property investment

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

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

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

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

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

Property development

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

Share investments and dividend income

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

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

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

Liquidity and financial resources

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

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

Assets pledged

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

PROSPECTS

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

By Order of the Board

Ng See Wah
Chairman

Hong Kong, 26 June 2013

As at the date of this announcement, the executive directors of the Company are Mr. Ng See Wah, Mr. Ng Tai Wai and Mr. Ng Tai Yin Victor, the non-executive directors are Mr. So Kwok Leung and Mr. So Kwok Wai, Benjamin; the independent non-executive directors are Dr. Loke Yu alias Loke Hoi Lam, Dr. Ng Chi Yeung, Simon and Ms. Chan Suit Fei, Esther, and Ms. Ng Kwok Fun is alternate director to Mr. Ng See Wah.