**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 2014**

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 2014. The annual results of the group have been reviewed by the company's audit committee.

**CONSOLIDATED STATEMENT PROFIT OR LOSS**
*For the year ended 31 March 2014*

| | Notes | 2014 HK$ | 2013 HK$ |
|---|---|---|---|
| **Revenue** | 3 | 22,276,396 | 21,395,291 |
| Other revenue | 4 | 526,361 | 326,538 |
| Other net (loss)/income | 4 | (2,445,292) | 51,546,863 |
| Fair value gain on investment properties | | 17,882,160 | 112,183,582 |
| Administrative and general expenses | | (6,405,063) | (5,732,479) |
| Finance cost | | (679,161) | (289,320) |
| **Profit before taxation** | | 31,155,401 | 179,430,475 |
| Taxation | 5 | (2,009,408) | (1,697,774) |
| **Profit after taxation attributable to the equity shareholders of the company** | | 29,145,993 | 177,732,701 |
| **Earnings per share (Basic and diluted)** | 6 | HK$0.73 | HK$4.44 |

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 March 2014*

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*As at 31 March 2014*

| | Notes | 2014 HK$ | 2014 HK$ | 2013 HK$ | 2013 HK$ |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | | | 2,015,829 | | 2,098,635 |
| Investment properties | | | 531,600,000 | | 435,200,000 |
| Properties held for or under development | | | 12,300,000 | | 11,600,000 |
| Available-for-sale financial assets – equity shares listed in Hong Kong | | | 87,334,899 | | 95,543,787 |
| | | | 633,250,728 | | 544,442,422 |
| **Current assets** | | | | | |
| Trading securities – equity shares listed in Hong Kong | | 54,848,025 | | 51,100,180 | |
| Trade and other receivables | 7 | 1,951,849 | | 4,856,144 | |
| Cash and bank balances | | 35,380,884 | 92,180,758 | 95,508,478 | 151,464,802 |
| **Current liabilities** | | | | | |
| Trade and other payables | 8 | 5,033,439 | | 4,177,260 | |
| Bank borrowings – secured | 9 | 30,173,200 | | 16,387,800 | |
| Tax payable | | 704,960 | | 320,961 | |
| Provision for long service payments | | 928,000 | (36,839,599) | 913,600 | (21,799,621) |
| **Net current assets** | | | 55,341,159 | | 129,665,181 |
| **Total assets less current liabilities** | | | 688,591,887 | | 674,107,603 |
| **Non-current liabilities** | | | | | |
| Provision for long service payments | | 133,000 | | 176,000 | |
| Deferred taxation | | 716,986 | (849,986) | 644,748 | (820,748) |
| **NET ASSETS** | | | 687,741,901 | | 673,286,855 |
| **CAPITAL AND RESERVES** | | | | | |
| Share capital | 10 | | 40,000,000 | | 40,000,000 |
| Reserves | | | 647,741,901 | | 633,286,855 |
| | | | 687,741,901 | | 673,286,855 |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*FOR THE YEAR ENDED 31 MARCH 2014*

| | Attributable to equity shareholders of the company | | | | |
|---|---|---|---|---|---|
| | **Share capital HK$** | **Capital reserve HK$** | **Fair value reserve HK$** | **Retained profits HK$** | **Total HK$** |
| **At 1 April 2012** | 40,000,000 | 251,046 | 28,188,527 | 424,596,501 | 493,036,074 |
| Profit for the year | - - | - - | - - | 177,732,701 | 177,732,701 |
| Other comprehensive income for the year | | | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | | | |
| - Increase in fair value of available-for-sale financial assets | - - | - - | 11,691,099 | - - | 11,691,099 |
| - Release of fair value reserve upon disposal of available-for-sale financial assets | - - | - - | (3,216,149) | - - | (3,216,149) |
| Total comprehensive income for the year | - - | - - | 8,474,950 | 177,732,701 | 186,207,651 |
| Dividends paid | | | | | |
| - 2011/12 final dividend (HK$0.10 per share) | - - | - - | - - | (4,000,000) | (4,000,000) |
| - 2012/13 interim dividend (HK$0.02 per share) | - - | - - | - - | (800,000) | (800,000) |
| - 2012/13 special dividend (HK$0.03 per share) | - - | - - | - - | (1,200,000) | (1,200,000) |
| Unclaimed dividend forfeited | - - | - - | - - | 43,130 | 43,130 |
| **At 31 March 2013 and 1 April 2013** | 40,000,000 | 251,046 | 36,663,477 | 596,372,332 | 673,286,855 |
| Profit for the year | - - | - - | - - | 29,145,993 | 29,145,993 |
| Other comprehensive income for the year | | | | | |
| *Items that will not be classified subsequently to profit or loss* | | | | | |
| - Impairment losses on available-for-sale financial assets | - - | - - | 1,300,000 | - - | 1,300,000 |
| *Items that may be reclassified subsequently to profit or loss* | | | | | |
| - Decrease in fair value of available-for-sale financial assets | - - | - - | (8,313,112) | - - | (8,313,112) |
| - Release of fair value reserve upon disposal of available-for-sale financial assets | - - | - - | (120,915) | - - | (120,915) |
| Total comprehensive income for the year | - - | - - | (7,134,027) | 29,145,993 | 22,011,966 |
| Dividends paid | | | | | |
| - 2012/13 final dividend (HK$0.10 per share) | - - | - - | - - | (4,000,000) | (4,000,000) |
| - 2012/13 special dividend (HK$0.07 per share) | | | | (2,800,000) | (2,800,000) |
| - 2013/14 interim dividend (HK$0.02 per share) | - - | - - | - - | (800,000) | (800,000) |
| Unclaimed dividend forfeited | - - | - - | - - | 43,080 | 43,080 |
| **At 31 March 2014** | 40,000,000 | 251,046 | 29,529,450 | 617,961,405 | 687,741,901 |

*Notes*

## 1. ADOPTION OF NEW AND REVISED HKFRSs

In the current year, the group has applied, for the first time the following amendments to accounting standard issued by the HKICPA which are effective for the group's and the company's financial year beginning on 1 April 2013.

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

<u>Amendments to HKAS 1 "Presentation of Items of Other Comprehensive income"</u>

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

<u>HKFRS 10 "Consolidated Financial Statements"</u>

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

<u>HKFRS 12 "Disclosure of Interests in Other Entities"</u>

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

<u>HKFRS 13 "Fair Value Measurement"</u>

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

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

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

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

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

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

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

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

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

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

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

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

## 3. REVENUE

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

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

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

## 5. TAXATION

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

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

## 6. EARNINGS PER SHARE

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

Diluted earnings per share equals to the basic earnings per share as the company had no dilutive potential financial instrument in issue during the year (2013: Nil).

## 7. TRADE AND OTHER RECEIVABLES

| | The group | |
|---|---|---|
| | **2014** | **2013** |
| | **HK$** | **HK$** |
| Rental receivables | | |
| - Within 30 days | 213,981 | 201,593 |
| - Within 31 days to 60 days | 176,400 | 154,800 |
| - Within 61 days to 90 days | 155,400 | 5,500 |
| - Within 91 days to 180 days | 5,657 | - - |
| | 551,438 | 361,893 |
| Other receivables | 1,040,405 | 964,360 |
| Rental and receivables, unimpaired | 1,591,843 | 1,326,253 |
| Deposits and prepayments | 360,006 | 3,529,891 |
| | 1,951,849 | 4,856,144 |

Normally, monthly rentals are payable in advance by tenants in accordance with the leases. Except for the rental receivable amounting to HK$5,657 (2013: Nil), the rental receivables and other receivables of the group and the company were current and were aged less than 90 days. The group does not hold any collateral over these balances.

## 8. TRADE AND OTHER PAYABLES

| | The group | |
|---|---|---|
| | **2014** | **2013** |
| | **HK$** | **HK$** |
| Rental deposits received | 2,984,276 | 2,353,876 |
| Receipts in advance | 212,590 | 159,806 |
| Unclaimed dividends | 338,865 | 505,520 |
| Accrued expenses | 1,497,708 | 1,158,058 |
| | 5,033,439 | 4,177,260 |

## 9. BANK BORROWINGS, SECURED

The bank loans are repayable as follows:

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

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

The bank loans bear interest at 2% above Hong Kong Interbank Offered Rate, or 1% per annum below Hong Kong Dollars Best Lending Rate of a commercial bank in Hong Kong. During the year, interest on bank borrowings was HK$679,161 (2013: HK$289,320).

The group needs to fulfill certain covenants on loan-to-security value ratio. If the group were to breach the covenants, the drawn down facilities would become payable on demand and the rent of the pledged properties collected by the bank. The group regularly monitors its compliance with these covenants. As at 31 March 2014, none of the covenants was breached.

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

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

## 10. SHARE CAPITAL

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

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

## 11. DIVIDENDS

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

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

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

## DIVIDENDS

In January 2014, the group paid an interim dividend of HK$0.02 per share (2013: an interim dividend of HK$0.02 per share and a special dividend of HK$0.03 per share), totaling HK$800,000 (2013: HK$2,000,000).

The board will propose in the Annual General Meeting to be held on 29 August 2014 the payment of a final dividend of HK$0.10 (2013: final dividend of HK$0.10 per share and special dividend of HK$0.07 per share) in respect of the year ended 31 March 2014, absorbing a total amount of HK$4,000,000 (2013: HK$6,800,000). It is proposed that the dividend cheque will be dispatched on or before 17 September 2014 to the shareholders whose names are on the Register of Members on 5 September 2014.

## 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, 25 August 2014 to Friday, 29 August 2014, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Share Registrar, Computershare Hong Kong Investor Services Limited, 17/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 22 August 2014.

The register of members of the Company will also be closed from Thursday, 4 September 2014 to Friday, 5 September 2014, both days inclusive, during which period no transfer of shares of the Company will be registered for the purpose of ascertaining the entitlement to the proposed final dividend for the year ended 31 March 2014. To qualify for the receipt of the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Share Registrar, Computershare Hong Kong Investor Services Limited, 17/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 3 September 2014.

## 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 2014 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$881,105 (or 4.12%), to HK$22,276,396. The group's profit for the year substantially decreased by HK$148,586,708 (or 83.6%), to HK$29,145,993. The decrease was mainly attributable to decrease in realised and revaluation gain regarding investment properties amounting to HK$39,789,785 and HK$94,301,422 respectively, decrease in realised gain on disposal of available-for sale financial assets of HK$2,705,580, increase of HK$1,300,000 for impairment loss on listed share investments, and the fair value loss on trading securities of HK$2,421,584 recorded during the year, as compared to the fair value gain on trading securities of HK$7,095,206 in last year.

### Property investment

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

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

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

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

### Property development

During the year, the group recorded a fair value gain of HK$700,000 (2013: HK$1,700,000) on property held for or under development. There is no project under development with significant progress during the year. The group will continue to explore properties in Hong Kong for re-development purpose.

**Share investments and dividend income**

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

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

**Liquidity and financial resources**

During the year, the group obtained another bank mortgage loan of HK$15,650,000 for financing the acquisition of property in April 2013. As a result, the finance cost for the year increased by HK$389,841 (or 135%) to HK$679,161, as compared to last year. As at 31 March 2014, the group's total bank borrowings were HK$30,173,200 (2013: HK$16,387,800) which are wholly repayable after 5 years. The group's gearing ratio, which was taken as bank borrowings to total shareholders' equity, raised from 2.4% to 4.4%. Also, the group obtained additional banking credit facilities of HK$50,000,000, which was secured by investment properties with fair value of HK$106,400,000 in second half financial year. Up to present, no additional loan has been drawn down. The group's banking facilities are subject to review annually and will be due for negotiation in April 2015. During the year, the group diligently monitored its compliance with the lending bank's covenants on loan-to-security value ratio.

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

**Assets pledged**

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

**PROSPECTS**

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

By Order of the Board

**Ng See Wah**
Chairman

Hong Kong, 25 June 2014

*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 .*