THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect about this Composite Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **HENG FAI ENTERPRISES LIMITED**, you should at once hand this Composite Document and the accompanying Form of Acceptance and Transfer to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or transfer was effected for onward transmission to the purchaser(s) or the transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance and Transfer, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance and Transfer.

This Composite Document should be read in conjunction with the accompanying Form of Acceptance and Transfer, the contents of which form part of the terms and conditions of the Share Offer.

JOY TOWN INC.

(Incorporated in the British Virgin Islands with limited liability)

Heng Fai Enterprises Limited

恒輝企業控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

COMPOSITE DOCUMENT RELATING TO UNCONDITIONAL MANDATORY CASH OFFER BY ALLIANCE CAPITAL PARTNERS LIMITED FOR AND ON BEHALF OF JOY TOWN INC. TO ACQUIRE ALL THE ISSUED SHARES OF HENG FAI ENTERPRISES LIMITED (OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY JOY TOWN INC. AND PARTIES ACTING IN CONCERT WITH IT)

Financial Adviser to Joy Town Inc.

Alliance Capital Partners Limited
同人融資有限公司

Independent Financial Adviser to the Independent Board Committee of Heng Fai Enterprises Limited

建泉環球金融服務有限公司
V Baron Global Financial Services Limited

Capitalised terms used on this cover page shall have the same meanings as those defined in this Composite Document.

A letter from Alliance Capital containing, among other things, principal terms of the Share Offer is set out on pages 7 to 18 of this Composite Document.

A letter from the Board is set out on pages 19 to 24 of this Composite Document.

A letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Share Offer is set out on pages 25 to 26 of this Composite Document.

A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Share Offer is set out on pages 27 to 56 of this Composite Document.

The procedures for acceptance and other related information in respect of the Share Offer are set out in the Appendix I to this Composite Document and the accompanying Form of Acceptance and Transfer. Acceptance of the Share Offer should be received by the Registrar as soon as possible and in any event not later than 4:00 p.m. on 27 July 2015 (or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code).

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance and Transfer to any jurisdiction outside of Hong Kong should read the section headed "Overseas Shareholders" in the "Letter from Alliance Capital" and Appendix I to this Composite Document before taking any action. It is the responsibility of Overseas Shareholders wishing to accept the Share Offer to satisfy themselves as to full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Share Offer, including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Share Offer.

This Composite Document will remain on the website of the Stock Exchange at http://www.hkexnews.hk and the Company at http://www. hengfaienterprises.com.

6 July 2015

CONTENT

The timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company.

Despatch date of this Composite Document and the Form of Acceptance and Transfer and commencement date of the Share Offer *(Note 1)*	6 July 2015
Latest time and date for acceptance of the Share Offer *(Notes 2 and 4)*	4:00 p.m. on 27 July 2015
Closing Date *(Note 2)*	27 July 2015
Announcement of the results of the Share Offer (or their extension or revision, if any), to be posted on the website of the Stock Exchange *(Note 2)*	no later than 7:00 p.m. on 27 July 2015
Latest date for posting of remittances in respect of valid acceptances received under the Share Offer *(Notes 3 and 4)*	5 August 2015

Notes:

1. The Share Offer, which is unconditional in all respects, is made on 6 July 2015, being the date of posting of this Composite Document, and is capable of acceptance on and from that date until the Closing Date.

2. The latest time and date for acceptance will be at 4:00 p.m. on 27 July 2015 unless the Offeror revises or extends the Share Offer in accordance with the Takeovers Code. The Offeror and the Company will jointly issue an announcement through the website of the Stock Exchange no later than 7:00 p.m. on 27 July 2015 stating whether the Share Offer has been extended, revised or has closed for acceptances. In the event that the Offeror decides to extend the Share Offer, at least 14 days' notice by way of an announcement will be given before the Share Offer is closed to those Independent Shareholders who have not accepted the Share Offer.

3. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Shares tendered under the Share Offer will be despatched to the Independent Shareholders accepting the Share Offer by ordinary post at their own risk as soon as possible, but in any event within seven Business Days after the date of receipt by the Registrar of a duly completed acceptance in accordance with the Takeovers Code.

4. Acceptance of the Share Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code. Please refer to paragraph 4 headed "Right of withdrawal" in Appendix I to this Composite Document for further information on the circumstances where acceptances maybe withdrawn.

5. If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:

   (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Share Offer and the latest date for posting of remittances for the amounts due under the Share Offer in respect of valid acceptances, the latest time for acceptance of the Share Offer and the posting of remittances will remain at 4:00 p.m. on the same Business Day;

   (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Share Offer and the latest date for posting of remittances for the amounts due under the Share Offer in respect of valid acceptances, the latest time for acceptance of the Share Offer and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

Save as mentioned above, if the latest time for the acceptance of the Share Offer and the posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

All references to date and time contained in this Composite Document and the Form of Acceptance and Transfer refer to Hong Kong date and time.

In this Composite Document, unless otherwise defined or the context otherwise requires, the following expressions shall have the following meanings. Also, where terms are defined and used in only one section of this Composite Document, these defined terms are not included in the table below:

"acting in concert"	has the meaning ascribed to it under the Takeovers Code
"Alliance Capital" or "Financial Advisor"	Alliance Capital Partners Limited (同人融資有限公司), a registered institution under the SFO, licensed to conduct regulated activities of type 1 (dealing in securities) and type 6 (advising on corporate finance) under the SFO and the financial adviser to the Offeror in respect of the Share Purchase Agreement and the Share Offer
"associates"	has the meaning ascribed to it under the Takeovers Code
"Board"	the board of Directors
"Business Day(s)"	means a day (other than a Saturday or Sunday) on which banks are open to the general public for business in Hong Kong
"BVI"	the British Virgin Islands
"CCASS"	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
"Chan Family Members"	Mr. Chan Heng Fai, Ms. Chan Yoke Keow, Mr. Chan Tong Wan, Mr. Chan Tung Moe and Ms. Chan Sook Jin Mary Ann
"Closing Date"	27 July 2015, the closing date of the Share Offer, or if the Share Offer is extended, any subsequent closing date as may be determined and announced jointly by the Offeror and the Company, with consent of the Executive, in accordance with the Takeovers Code
"Company"	Heng Fai Enterprises Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code 185)

"Completion Date"	the third Business Day after the fulfillment (or, if applicable, waiver) of the Conditions (or such other date as the parties to the Share Purchase Agreement may agree in writing), which took place on 29 June 2015
"Composite Document"	this composite offer and response document in respect of the Share Offer jointly despatched by the Offeror and the Company in accordance with the Takeovers Code
"Conditions"	closing condition(s) to Share Sale Completion, further details of which are set out in the section headed "Conditions" of the Joint Announcement
"Controlling Shareholders"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	director(s) of the Company from time to time
"Encumbrances"	any mortgage, charge, pledge, lien, hypothecation, equities, adverse claims, restrictions, pre-emption rights or other encumbrance, priority or security interest or other rights of whatsoever nature or interest or any agreement for any of the same
"Executive"	the Executive Director of the Corporate Finance Division of the SFC from time to time or any delegate of the Executive Director
"Facility"	a loan facility of up to HK$467,500,000 granted by the Lender to the Offeror, for which the Offeror and the Lender also entered into the Facility Agreement
"Facility Agreement"	an agreement between the Lender and the Offeror dated 27 April 2015 in connection with the Facility
"First Vendor"	Heng Fai Holdings Limited, a company incorporated in the Commonwealth of The Bahamas with limited liability, which is ultimately owned by a discretionary trust established by Mr. Chan Heng Fai as settlor (being one of the Controlling Shareholders)

"Form of Acceptance and Transfer"	the Form of Acceptance and Transfer for Share Offer and "Form of Acceptance" shall mean the same
"Group"	the Company and its subsidiaries, and the term "Group Company" shall be construed accordingly
"Guarantor"	Mr. Chan Heng Fai, the chairman of the Company (being one of the Controlling Shareholders)
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee of the Board, comprising all the independent non-executive Directors (namely Mr. Wong Tat Keung, Mr. Wong Dor Luk, Peter and Mr. Chan King Fai), formed to advise the Independent Shareholders in respect of the Share Offer
"Independent Financial Adviser" or "V Baron"	V Baron Global Financial Services Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, who has been appointed as an independent financial adviser to the Independent Board Committee in respect of the Share Offer
"Independent Shareholder(s)"	holder(s) of the Share(s), other than the Offeror and parties acting in concert with it
"Joint Announcement"	the announcement jointly published by the Offeror and the Company dated 6 May 2015 in relation to, among other things, the sale and purchase of the Sale Shares and the Share Offer
"Last Trading Day"	24 April 2015, being the last trading day prior to the suspension of trading in the Shares on the Stock Exchange pending the release of the Joint Announcement

"Latest Practicable Date"	3 July 2015, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
"Lender"	CCB International Securities Limited, a licensed financial institution who extended the Facility to the Offeror for the Share Offer
"Letter of Undertaking"	the non-acceptance and disposal undertaking dated 26 April 2015 executed by the Guarantor, Vendors and the Offeror, further details of which are set out in the subsection headed "Letter of Undertaking" under the section headed "The Share Offer" in the "Letter from Alliance Capital" set out in this Composite Document
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	60th clear calendar day after the date of the Share Purchase Agreement (i.e. 24 June 2015) (or such other date as agreed by the parties)
"Main Board"	Main Board of the Stock Exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Offer Period"	has the meaning ascribed to it under the Takeovers Code
"Offer Shares"	all the Share(s) in issue, other than those Shares already owned by the Offeror or its concert parties
"Offeror"	Joy Town Inc., a company incorporated in the BVI with limited liability and the purchaser of the Sale Shares under the Share Purchase Agreement
"Open Offer"	the issue of 365,565,717 Shares by the Company by way of an open offer, pursuant to the open offer document dated 26 March 2015, which offer was completed on 23 April 2015
"Overseas Shareholder(s)"	Shareholder(s) whose address(es) as stated in the register of members of the Company is or are outside Hong Kong

"PRC"	the People's Republic of China, for the purpose of this Composite Document only, excludes Taiwan, Hong Kong and the Macau Special Administrative Region of the People's Republic of China
"Private Placement"	the placing and issue of 53,000,000 Shares at the subscription price of HK$0.36 per Share to Ms. Teo Kim Hong pursuant to the subscription agreement entered into between the Company and Ms. Teo Kim Hong on 6 May 2014
"Registrar"	the share registrar of the Company in Hong Kong, being Tricor Friendly Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong
"Relevant Period"	the period commencing on 10 October 2014, being the date falling six months before the date of the Rule 3.7 Announcement up to and including the Latest Practicable Date
"Rule 3.7 Announcement"	the announcement dated 10 April 2015 made by the Company pursuant to Rule 3.7 of the Takeovers Code, Rule 13.09 of the Listing Rules and Part XIVA of the SFO
"Sale Shares"	2,212,547,776 Shares beneficially owned by the Vendors (as to (i) 1,307,393,949 Shares by First Vendor and (ii) 651,243,201 Shares by Second Vendor, and (iii) 253,910,626 Shares by Third Vendor) as at the date of the Joint Announcement and immediately prior to Share Sale Completion, representing an aggregate of 55.02% of the entire issued share capital of the Company as at the date of the Joint Announcement, and each a Sale Share
"Second Vendor"	Prime Star Group Co., Ltd., a company incorporated in the BVI with limited liability, which are ultimately owned by a discretionary trust established by Ms. Chan as settlor (being one of the Controlling Shareholders)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

"Share(s)"	share(s) in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Share Offer"	the unconditional mandatory cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) made by Alliance Capital on behalf of the Offeror at the Share Offer Price
"Share Offer Price"	HK$0.3305 per Offer Share
"Share Purchase Agreement"	the conditional agreement for the sale and purchase of shares dated 25 April 2015 entered into between the Vendors, the Guarantor and the Offeror in relation to the sale and purchase of the Sale Shares
"Share Sale Completion"	the completion of the Share Purchase Agreement pursuant to the terms and conditions contained therein
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	The Code on Takeovers and Mergers issued by the SFC
"Third Vendor" or "Ms. Chan"	Ms. Chan Yoke Keow, an executive Director (being one of the Controlling Shareholders)
"Vendors"	the First Vendor, the Second Vendor and the Third Vendor collectively (and each of them individually, the "Vendor")
"Warranties"	means the warranties and representations given by the Vendors under the Share Purchase Agreement
"%"	per cent

Alliance Capital Partners Limited
同人融資有限公司

Suite 318, 3/F,
Shui On Centre,
6-8 Harbour Road,
Wanchai,
Hong Kong

6 July 2015

To the Independent Shareholders

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH OFFER BY ALLIANCE CAPITAL PARTNERS LIMITED FOR AND ON BEHALF OF JOY TOWN INC. TO ACQUIRE ALL THE ISSUED SHARES OF HENG FAI ENTERPRISES LIMITED (OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY JOY TOWN INC. AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

As announced in the Joint Announcement, on 25 April 2015, the Vendors, the Guarantor and the Offeror entered into the Share Purchase Agreement pursuant to which the Offeror conditionally agreed to acquire and the Vendors conditionally agreed to sell the Sale Shares, being 2,212,547,776 Shares, for a total consideration of HK$731,247,040, equivalent to HK$0.3305 per Sale Share. The Sale Shares represent 55.02% of the entire issued share capital of the Company of 4,021,222,889 Shares as at the date of the Joint Announcement.

Reference is made to the Company's announcement dated 15 June 2015 pursuant to Rule 3.8 of the Takeovers Code. The Company announced that 10,197,080 new Shares (the "New Shares") have been allotted and issued by the Company on 15 June 2015 pursuant to the fully exercise of options granted under the share option scheme of the Company. As at the date of such announcement and immediately after the allotment and issue of the New Shares as described above, the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company comprise 4,031,419,969 Shares. Save for the aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code). The Sale Shares represent 54.88% of the entire issued share capital of the Company as enlarged by the New Shares issued under the exercise of the options above.

Completion took place on 29 June 2015, which was announced on the same day by the Company.

Upon Completion, the Offeror became the owner of 54.88% of the issued share capital of the Company. Accordingly, pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make the Share Offer for all the issued Shares which are not owned or have been agreed to be acquired by the Offeror and parties acting in concert with it.

We, Alliance Capital, are making the Share Offer on behalf of the Offeror.

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising all the independent non-executive Directors (namely Mr. Wong Tat Keung, Mr. Wong Dor Luk, Peter and Mr. Chan King Fai), was formed to advise the Independent Shareholders in respect of the Share Offer.

Under Rule 2.8 of the Takeovers Code, members of the independent board committee should comprise all non-executive directors of the company who have no direct or indirect interest in any offer or possible offer for consideration by the independent committee other than, in the case of a director of the offeree company, as a shareholder of the offeree company. The Board notes that Mr. Fong Kwok Jen, a non-executive director of the Company, has acted as a legal adviser to the Guarantor, who is also beneficially interested in the First Vendor, for many years on the Guarantor's various personal investment in various transactions in relation to his shareholdings in corporations where the Guarantor has interests. Similarly, Dr. Lam, Lee G, the other non-executive director of the Company, has a business relationship with the Guarantor and has provided the Guarantor with a number of business and investment opportunities. Accordingly, both Mr. Fong Kwok Jen and Dr. Lam, Lee G will not form part of the Independent Board Committee due to the lack of independence with respect to the Share Offer.

The Independent Board Committee has approved the Independent Financial Adviser to act as the independent financial adviser to advise the Independent Board Committee as to whether the terms of the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned and as to acceptance in respect of the Share Offer. The full text of the letter of advice from the Independent Financial Adviser addressed to the Independent Board Committee is set out in "Letter from the Independent Financial Adviser" in this Composite Document.

This letter sets out, among other things, the principal terms of the Share Offer, the information on the Offeror and the Offeror's intentions regarding the Group. Further details of the Share Offer are also set out in Appendix I to this Composite Document and the accompanying Form of Acceptance and Transfer. You should draw your attention to the "Letter from the Board", the "Letter from the Independent Board Committee" containing its recommendation to the Independent Shareholders in respect of the Share Offer, and the "Letter from the Independent Financial Adviser" containing its recommendation(s) to the Independent Board Committee in respect of the Share Offer to this Composite Document.

THE SHARE OFFER

Principal terms of the Share Offer

We, Alliance Capital, on behalf of the Offeror, are making the Share Offer for all issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it), which is unconditional in all respects, on the following basis:

For each Offer Share . . . . HK$0.3305 in cash

The Share Offer Price of HK$0.3305 per Offer Share equals the purchase price per Sale Share paid by the Offeror under the Share Purchase Agreement.

The Share Offer is unconditional in all respects and will not be conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

The Shares to be acquired under the Share Offer will be fully paid, free from all liens, charges and encumbrances.

Offer Consideration

As at the Latest Practicable Date, there were 4,031,419,969 Shares in issue. There were no other outstanding options, warrants, derivatives or convertibles which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

Save for the Share Purchase Agreement, the Offeror, its ultimate beneficial owners and parties acting in concert with any of them have not dealt in nor do they have any shareholding interest in or control any Shares, convertible securities, warrants or options in the Company during the six months immediately prior to the commencement of the Offer Period.

Based on the Share Offer Price of HK$0.3305 per Offer Share, the entire issued share capital of the Company is valued at HK$1,332,384,300.

As the Offeror and parties acting in concert with it own 2,212,547,776 Shares immediately after the Completion, based on (i) a total of 4,031,419,969 Shares in issue; and (ii) the Letter of Undertaking given by the Vendors and the Guarantor not to tender their remaining Shares in the aggregate sum of 401,720,166 Shares, the total number of issued Shares subject to the Share Offer will be 1,417,152,027 Shares, being the Shares held by the Independent Shareholders.

In the event that the Share Offer (excluding those remaining Shares owned by the Guarantor and Vendors who have given irrevocable undertaking not to tender their Shares in the Share Offer) are accepted in full, the maximum aggregate amount payable by the Offeror under the Share Offer will be HK$468,368,745.

Offer Price

The Share Offer Price of HK$0.3305 per Offer Share represents:

(i) a premium of approximately 29.61% over the closing price of HK$0.2550 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a premium of approximately 24.44% over the average closing price of approximately HK$0.2656 per Share for the last five trading days immediately prior to and including the Last Trading Day;

(iii) a premium of approximately 41.54% over the average closing price of approximately HK$0.2335 per Share for the last ten trading days immediately prior to and including the Last Trading Day;

(iv) a premium of approximately 92.94% over the average closing price of approximately HK$0.1713 per Share for the last thirty trading days immediately prior to and including the Last Trading Day;

(v) a premium of approximately 54.74% over the unaudited net asset value of the Group attributable to the Shareholders of approximately HK$0.2136 per Share as at 28 February 2015 and a premium of approximately 44.01% over the audited net asset value of the Group attributable to the Shareholders of approximately HK$0.2043 per Share as at 31 March 2015; and

(vi) a discount of approximately 9.45% over the closing price of HK$0.3650 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Highest and Lowest Share Prices

During the Relevant Period, the lowest closing price per Share as quoted on the Stock Exchange was HK$0.1090 on 4 March 2015 and the highest closing price per Share as quoted on the Stock Exchange was HK$0.5200 on 2 June 2015.

For details of the highest and lowest prices of the Shares during the Relevant Period, please refer to the section headed "5. Market Prices" in Appendix III to this Composite Document.

LETTER OF UNDERTAKING

Undertakings on non-acceptance and disposal

On 26 April 2015, the Guarantor and the Vendors executed the Letter of Undertaking in favour of the Offeror, pursuant to which the Guarantor and the Vendors have irrevocably and unconditionally undertaken that they shall not tender any of their remaining Shares to the Share Offer, namely 71,042,730 Shares for the Guarantor, 180,677,436 Shares for the First Vendor and 150,000,000 for the Third Vendor representing 1.76%, 4.48% and 3.72% of the entire issued capital of the Company respectively. There are no remaining Shares held by the Second Vendor. Each of the Guarantor and the Vendors further undertakes to the Offeror that it will not sell, dispose, transfer, pledge, mortgage or otherwise deal in its remaining Shares during the Offer Period.

Each of the Guarantor and the Vendors further undertakes to the Offeror that, for a period of 12 months from the Completion Date, none of them (and their associates) will become a connected person of the Company as defined under the Listing Rules.

Payment

Payment in cash in respect of acceptances of the Share Offer will be made as soon as possible but in any event within seven (7) Business Days of the date on which the duly completed acceptances of the Share Offer and the relevant documents of title of the Shares in respect of such acceptances are received by the Offeror to render each such acceptance complete and valid in accordance with the Takeovers Code.

Effect of Accepting the Share Offer

The Share Offer is unconditional in all respects. By accepting the Share Offer, Shareholders will sell their Shares fully paid and free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Share Offer is made, being the date of posting of the Composite Document.

Acceptance of the Share Offer by any Shareholder will be deemed to constitute a warranty by such person that all Shares sold by such person under the Share Offer are free from all encumbrances whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and distributions recommended, declared, made or paid, if any, on or after the date on which the Share Offer are made. Acceptances of the Share Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Overseas Shareholders

The Offeror intends to make the Share Offer available to all Shareholders, including the Overseas Shareholders. However, the Share Offer is in respect of securities of a company incorporated in Hong Kong and is subject to the procedural and disclosure requirements of Hong Kong which may be different from other jurisdictions. The Overseas Shareholders who wish to participate in the Share Offer but with a registered address outside Hong Kong are subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Share Offer. The Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the Share Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Share Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

Stamp Duty

In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Share Offer will be payable by relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, which will be deducted from the cash amount payable by the Offeror to such Independent Shareholder on acceptance of the Share Offer (where the stamp duty calculated includes a fraction of HK$1, the stamp duty would be rounded-up to the nearest HK$1). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Independent Shareholders accepting the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Share Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

INFORMATION ON THE OFFEROR AND ITS PARENT COMPANIES

Information of the Offeror

The Offeror is an investment holding company incorporated in the BVI with limited liability on 18 April 2011. The Offeror is wholly and ultimately owned by Ms. Huang Yanping.

Information on the Sole Shareholder and Sole Director of the Offeror

Ms. Huang Yanping, age 53, is the sole shareholder and sole director of the Offeror. Ms. Huang has over 15 years' experiences in the property development and investment industry in the PRC. Ms. Huang has been involved in the development of not less than 36 property development projects in Henan, Shandong and Hainan province in China with a total gross floor area of not less than 14 million square meters. She is one of the founders of a real estate company which has become one of the top 100 property development companies in China.

Ms. Huang holds an associate's degree in industrial and economics management from Henan Agricultural University.

INFORMATION ON THE GROUP

Details of the information on the Group are set out in the "Letter from the Board" to this Composite Document. Financial and general information of the Group is set out in Appendices II and IV to this Composite Document, respectively.

SOURCES OF FUND

The Offeror group (i.e. the Offeror's shareholder and its affiliated companies) will finance the Share Offer for the Offeror and the purchase price of the Sale Shares under the Share Purchase Agreement with their self-owned funds and the Facility. The Offeror Group's self-owned funds and the repayment of the Facility will not depend to any significant extent on the business of the Company. Alliance Capital, the Financial Advisor to the Offeror in respect of the Share Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration for the acquisition of Shares under the Share Purchase Agreement and full acceptance of all the issued Shares subject to the Share Offer other than (i) those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it; and (ii) those remaining Shares owned by the Guarantor and Vendors who have given irrevocable undertaking not to tender their Shares in the Share Offer.

Pursuant to the Facility Agreement, the Offeror shall make an initial deposit of no less than HK$730,000,000 or if such amount is being used to purchase the Shares pursuant to the Share Purchase Agreement, to deposit all such Shares, to a Hong Kong Dollar denominated margin securities trading account in the name of the Offeror opened with the Lender (the "Charged Account").

The Shares to be acquired under the Share Offer will be mortgaged to the Lender as security for the Facility. If at any time the ratio of (i) the aggregate outstanding principal amount of the Facility to (ii) the aggregate amount of the closing share price of the Shares mortgaged to the Lender as security for the Facility (the "Loan to Value Ratio") exceeds a certain level, the Offeror is required to deposit cash with the Lender to bring down the Loan to Value Ratio. The availability of the Facility will not be subject to any volatility of the market value of the Shares or any other subjective conditions. Alliance Capital's consent is required if the Offeror withdraws any money or securities from the Charged Account. The required deposit of cash will not affect the sufficiency of fund of the Offeror to finance the Share Offer.

In the event that the Offeror was unable to repay the loan under the Facility or fulfill the security requirement under the same, the Lender may take possession of the Shares under mortgage.

INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP

Share Sale completion took place on 29 June 2015, the Offeror has became the Controlling Shareholder.

The Offeror intends to conduct a detail review about the existing businesses, assets, investments, employments, balance sheet structure and the current financing need of the Group with a view to streamlining the Group's businesses and strengthening the Group's financial position. The Offeror intends to maintain the principal business of the Group in the property related business and will explore suitable investment, expansion and financial and fundraising opportunity for bringing returns for all shareholders. In particular, the Offeror intends to analyze feasibility of expanding the Group's business into China. Subject to the future business development plan and the market conditions, the Offeror intends to provide personnel, technology, financials and other resources to support the Group's existing or new development plan.

As at the date of this Composite Document, the Offeror has yet to formulate substantial plan or timetable in relation to the investment or fund raising proposals referred to above.

In regards to the proposed change of management, please refer to the paragraph headed "*Proposed change to the Board composition of the Company*" below for the proposed change of the Group's senior management.

Proposed change to the Board composition of the Company

As at the Latest Practicable Date, the Board is made up of eight Directors, comprising three executive Directors (namely Mr. Chan Heng Fai, Mr. Chan Tong Wan and Ms. Chan Yoke Keow); two non-executive Directors (namely Dr. Lam, Lee G. and Mr. Fong Kwok Jen) and three independent non-executive Directors (namely Mr. Wong Tat Keung, Mr. Wong Dor Luk, Peter and Mr. Chan King Fai).

The Vendors and the Guarantor have undertaken to procure the resignation of each of the Chan Family Members as a director of the Company and all the directors and the secretary of each of the subsidiaries and associates of the Company. The Vendors and the Guarantor have also undertaken to procure the resignation of each of the Chan Family Members from all executive and/or management positions with the Company, its subsidiaries and associate companies, with the exception that the Guarantor shall remain as a senior management member of three Group Companies, namely Inter-American Group Holdings Inc., American Housing REIT Inc and Global Medical REIT Inc., with each such resignation taking effect from the earliest date on which the relevant director of the Company may resign under the Listing Rules, the Takeovers Code and any other applicable law. There are no agreements or arrangements entered into and no discussions that have taken place as to any variation or amendment to the Guarantor's existing terms of employment including his remuneration as an employee of the foregoing three Group Companies, namely Inter-American Group Holdings Inc., American Housing REIT Inc and Global Medical REIT Inc.

With effect from Share Sale Completion, subject to the arrangements above in respect of the Guarantor, each of the Chan Family Members shall forego all remuneration or benefits from any Group Company whether in his/her capacity as a director or as an employee. For the avoidance of doubt, such foregoing undertaking does not extinguish any outstanding rights to remuneration or benefits accrued by any Chan Family Member on or prior to the Completion Date.

The Offeror nominated one new director to the Board with effect from 6 July 2015 after this Composite Document has been posted. The Offeror intends to nominate three additional new directors to the Board as and when the Chan Family Members resign as directors of the Company in compliance with the Takeovers Code, the Listing Rules and the Company's Articles of Association. The Offeror also intends to nominate new senior management members to the Company, its subsidiaries and associate companies. Below is a brief introduction of Mr. Zhang Jingguo who has been nominated by the Offeror and appointed as an executive director, chairman of the Board and chief executive officer of the Company effective from 6 July 2015 after this Composite Document has been posted.

Mr. Zhang Jingguo (張敬國), age 51. Mr. Zhang has approximately 20 years of experience in the real estate development industry in China. From July 1983 to May 1994, Mr. Zhang held various positions at the then Light Industry Bureau of Henan Province (河南省輕工業廳), the governmental authority in charge of the light industry in Henan Province, and its associated collectively-owned enterprises, including division chief, engineer and vice manager, where he was responsible for administrative management. From May 1994 to April 2001, he worked at Xingye Real Estate as general manager, where he was responsible for its overall operations. Mr. Zhang Jingguo, Ms. Huang Yanping and Mr. Zhang Guoqiang cofounded a real estate company which has become one of the top 100 property development companies in China. Mr. Zhang will be responsible for the overall strategic planning and general management of our Group and is instrumental to our growth and business expansion. Mr. Zhang is the spouse of Ms. Huang Yanping.

Mr. Zhang received a bachelor's degree in radio science from Zhengzhou University (鄭州大學) in July 1983 and an Executive MBA degree from Guanghua School of Management, Peking University in July 2013. Mr. Zhang currently serves as president of Henan Real Estate Chamber of Commerce (河南省房地產業商會), vice-president of Industry & Commerce Association of Henan Province (河南省工商聯合會), graduate tutor of Zhengzhou University and a member of Henan Provincial Committee of Chinese People's Political Consultative Conference (中國人民政治協商會議河南委員 會). Mr. Zhang was awarded "Outstanding Real Estate Developer of Henan Province" (河南省房地產開發先進個人) by the Department of Housing and Urban-Rural Development of Henan Province (河南省住房和城鄉建設廳) in 2011 and "Outstanding Real Estate Developer of Zhengzhou" (鄭州市房地產開發先進個人) by the Housing Security and Real Estate Administration Bureau of Zhengzhou (鄭州市住房保障和房地產管理局) in 2009, 2011 and 2012. In 2012, Mr. Zhang was named "Individual with Outstanding Contribution to Market Economy of Henan Real Estate Industry" (河南地產民營經濟貢獻人物) by Henan Daily (河南日報社) and the Private Economy Research Association of Henan Province (河南省民營經濟研究會) and "Philanthropist of Henan Province" (河南省光彩慈善公益功勛人物) by the Industry & Commerce Association of Henan Province (河南省工商業聯合會) and the United Front Work Department of the CPC Henan Province Committee (中共河南省委統戰部). Mr. Zhang received his senior engineer qualification from the People's Government of Henan Province in December 1996 and his first class construction engineer (一級建造師) qualification from the Ministry of Housing and Urban-Rural Development in May 2012.

Below is a brief introduction of the three additional new directors to be nominated as and when the Chan Family Members resign as directors of the Company in accordance with the Takeovers Code, the Listing Rules and the Company's Articles of Association.

Ms. Huang Yanping, age 53, is the sole shareholder and sole director of the Offeror. Ms. Huang has over 15 years' experiences in the property development and investment industry in the PRC. Ms. Huang has been involved in the development of not less than 36 property development projects in Henan, Shandong and Hainan province in China with a total gross floor area of not less than 14 million square meters. She is one of the founders of a real estate company which has become one of the top 100 property development companies in China.

Mr. Zhang Guoqiang (張國強), age 52. Between August 1983 to October 1997, Mr. Zhang worked as a tutor at the Communication Command Academy of PLA (中國人民解放軍通信指揮學院), now known as the National Defence Information Academy of PLA (中國人民解放軍國防信息學院). Between October 1997 to March 2003, Mr. Zhang served as the director of the marketing department of Wuhan Research Institute of Post & Telecommunications (武漢郵電科學研究院), also known as FiberHome Technologies Group (烽火科技集團), a product and solution provider in the field of information and telecommunications, where he was responsible for marketing. Prior to joining our Group, Mr. Zhang worked as a general manager at Nanjing North Road Technologies Co., Ltd. (南京北路科技有限責任公司), a coal analysis equipment manufacturer, from May 2003 to November 2005, where he was responsible for general management. Mr. Zhang Jingguo, Ms. Huang Yanping and Mr. Zhang Guoqiang cofounded a real estate company which has become one of the top 100 property development companies in China. Mr. Zhang received a bachelor's degree in radio science from Zhengzhou University in July 1983. Mr, Zhang received his engineer qualification from the Department of Human Resources of Hubei Province (湖北省人事廳), now known as the Hubei Provincial Human Resources & Social Security Department (湖北省人力資 源和社會保障廳) in July 1988.

Mr. Eric Jackson Chang (張世澤), age 35. Mr. Chang worked at PricewaterhouseCoopers Ltd. from September 2002 to September 2013, holding various roles including associate and senior manager. In 2013, Mr. Chang joined one of the top 100 property development companies in China as chief financial officer. Mr. Chang received his bachelor of commerce degree from University of British Columbia in May 2002. Mr. Chang is a member of Hong Kong Institute of Certified Public Accountants and American Institute of Certified Public Accountants.

Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcements will be made as and when appropriate.

Maintaining the listing status of the Group

The Offeror has no intention to privatise the Group and intends to maintain the listing of the Shares on the Stock Exchange. The Offeror will undertake to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the entire issued share capital of the Company will continue to be held by the public at all times.

The Stock Exchange has indicated that if, upon closing of the Share Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public or if the Stock Exchange believes that:

(i) a false market exists or may exist in the Shares; or

(ii) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealing in the Shares.

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any power of compulsory acquisition of any Shares after the close of the Share Offer.

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance and Transfer.

TAX IMPLICATIONS

None of the Company, the Offeror, their ultimate beneficial owners and parties acting in concert with any of them, Alliance Capital, the Independent Financial Adviser, the Registrar or any of their respective directors or any persons involved in the Share Offer is in a position to advise the Independent Shareholders on their individual tax implications. Independent Shareholders are recommended to consult their own professional advisors if they are in any doubt as to the taxation implications of their acceptance of the Share Offer. It is emphasised that none of the Offeror, the Company, their ultimate beneficial owners and parties acting in concert with any of them, Alliance Capital, the Independent Financial Adviser, the Registrar or any of their respective directors or any persons involved in the Share Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Share Offer.

GENERAL

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Offer Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the name of nominees to provide instructions to their nominees of their intention with regard to the Share Offer.

Attention of the Overseas Shareholders is drawn to the paragraph headed "Overseas Shareholders" above in this letter.

All documents and remittance to be sent to the Independent Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of member of the Company or in the case of joint Independent Shareholders, to such Independent Shareholder whose name appears first in the register of members of the Company. The Offeror, its beneficial owner and parties acting in concert with any of them, the Company, Alliance Capital, the Independent Financial Adviser, the Registrar or any of their respective directors or professional advisers or any other parties involved in the Share Offer or any of their respective agents will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in appendices to this Composite Document which form part of this Composite Document.

You are reminded to carefully read the "Letter from the Board", the "Letter from the Independent Board Committee", the "Letter from the Independent Financial Adviser" and other information about the Group which are set out in this Composite Document before deciding whether or not to accept the Share Offer.

Yours faithfully,
For and on behalf of
Alliance Capital Partners Limited
Andric Yew
Managing Director

Heng Fai Enterprises Limited
恒輝企業控股有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 185)

Executive Directors:
Chan Heng Fai *(Managing Chairman)*
Chan Tong Wan *(Managing Director)*
Chan Yoke Keow

Non-executive Directors:
Lam, Lee G. *(Vice-Chairman)*
Fong Kwok Jen

Independent non-executive Directors:
Wong Dor Luk, Peter
Wong Tat Keung
Chan King Fai

Registered and principal office:
24/F., Wyndham Place
40–44 Wyndham Street
Central
Hong Kong

6 July 2015

To the Independent Shareholders

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH OFFER BY ALLIANCE CAPITAL PARTNERS LIMITED FOR AND ON BEHALF OF JOY TOWN INC. TO ACQUIRE ALL THE ISSUED SHARES OF HENG FAI ENTERPRISES LIMITED (OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY JOY TOWN INC. AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

Reference is made to the Rule 3.7 Announcement and the Joint Announcement. As set out in the Joint Announcement, on 25 April 2015, the Vendors, the Guarantor and the

Offeror entered into the Share Purchase Agreement pursuant to which the Offeror conditionally agreed to acquire and the Vendors conditionally agreed to sell the Sale Shares, being 2,212,547,776 Shares, for a total Consideration of HK$731,247,040, equivalent to HK$0.3305 per Sale Share. The Sale Shares represent 54.88% of the entire issued share capital of the Company of 4,031,419,969 Shares as at the date of this Composite Document.

Share Sale Completion took place on 29 June 2015, which was announced on the same day.

Following the Share Sale Completion, the Offeror became the owner of 54.88% of the issued share capital of the Company. Accordingly, pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares which are not owned or have been agreed to be acquired by the Offeror and parties acting in concert with it.

The purpose of this letter is to provide you with, among other things, information relating to the Group and the Share Offer.

UNCONDITIONAL MANDATORY CASH OFFER

Principal terms of the Share Offer

The terms of the Share Offer are set out in the "Letter from Alliance Capital" and are extracted below. You are recommended to refer to the "Letter from Alliance Capital", Appendix I to this Composite Document and the accompanying Form of Acceptance and Transfer for further details.

Alliance Capital, on behalf of the Offeror, is making the Share Offer for all issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it), which is unconditional in all respects, on the following basis:

For each Offer Share . . . . HK$0.3305 in cash

The Share Offer Price of HK$0.3305 per Offer Share equals the purchase price per Sale Share paid by the Offeror under the Share Purchase Agreement.

The Share Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising all the independent non-executive Directors (namely Mr. Wong Tat Keung, Mr. Wong Dor Luk, Peter and Mr. Chan King Fai), was formed to advise the Independent Shareholders in respect of the Share Offer.

Under Rule 2.8 of the Takeovers Code, members of the independent board committee should comprise all non-executive directors of the company who have no direct or indirect interest in any offer or possible offer for consideration by the independent committee other than, in the case of a director of the offeree company, as a shareholder of the offeree company. The Board notes that Mr. Fong Kwok Jen, a non-executive director of the Company, has acted as a legal adviser to the Guarantor, who is also beneficially interested in the First Vendor, for many years on the Guarantor's various personal investment in various transactions in relation to his shareholdings in corporations where the Guarantor has interests. Similarly, Dr. Lam, Lee G, the other non-executive director of the Company, has a business relationship with the Guarantor and has provided the Guarantor with a number of business and investment opportunities. Accordingly, both Mr. Fong Kwok Jen and Dr. Lam, Lee G do not form part of the Independent Board Committee due to the lack of independence with respect to the Share Offer.

The Independent Financial Adviser has been approved by the Independent Board Committee to act as the independent financial adviser to advise the Independent Board Committee as to whether the terms of the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned and as to acceptance in respect of the Share Offer. The full text of the letter of advice from the Independent Financial Adviser addressed to the Independent Board Committee is set out in "Letter from the Independent Financial Adviser" set out in the Composite Offer Document.

INFORMATION ON THE GROUP

The Group is principally engaged in property development, property investment and trading, and property development management, hotel operations and securities trading and investment. Set out below is a summary of the audited consolidated results of the Group for each of the three financial years 2015, 2014 and 2013.

	For the year ended 31 March		
	2015	**2014**	**2013**
	(Audited)	(Audited)	(Audited)
Revenue	60,661	32,483	56,634
(Loss)/profit before tax	(51,325)	(42,223)	9,778
(Loss)/profit attributable to owners of the Company	(54,920)	(43,503)	33,375

The audited consolidated net assets of the Group attributable to owners of the Company as at 31 March 2015 were approximately HK$746,860,000 which was equivalent to approximately HK$0.2043 per Share and the audited consolidated net assets of the Group attributable to owners of the Company as at 31 March 2014 were approximately HK$826,798,000 which was equivalent to approximately HK$0.2295 per Share.

Further details of the financial information of the Group are set out in Appendix II to this Composite Document.

SHAREHOLDING STRUCTURE OF THE COMPANY

Shareholding Structure of the Company

The following table sets out the shareholding structure of the Company (i) immediately prior to Share Sale Completion; and (ii) as at the Latest Practicable Date, following the Share Sale Completion and before the commencement of the Share Offer:

	Immediately prior to Share Sale Completion		**As at the Latest Practicable Date, following the Share Sale Completion and before the commencement of the Share Offer**	
	No. of shares	*approx. %*	*No. of shares*	*approx. %*
The Offeror and its concerted parties	–	0.00%	2,212,547,776	54.88%
Mr. Chan Heng Fai (Guarantor)	71,042,730	1.76%	71,042,730	1.76%
First Vendor *(Note 1)*	1,638,071,385	40.63%	180,677,436	4.48%
Second Vendor *(Note 2)*	651,243,201	16.15%	–	0.00%
Third Vendor	253,910,626	6.30%	150,000,000	3.72%
Chan Tong Wan	35,027,873	0.87%	35,027,873	0.87%
Chan Sook Jin	13,650,674	0.34%	5,460,674	0.14%
Chan Tung Moe	23,290,300	0.58%	300	0.00%
Fong Kwok Jen *(Note 3)*	23,324,523	0.58%	10,864,523	0.27%
Wong Dor Luk	308,000	0.01%	308,000	0.01%
Public	1,321,550,657	32.78%	1,365,490,657	33.87%
Total	4,031,419,969	100.00%	4,031,419,969	100.00%

Notes:

1. The First Vendor is a company incorporated in the Commonwealth of The Bahamas with limited liability, which are ultimately owned by a discretionary trust established by Mr. Chan Heng Fai, an executive Director, as settlor. Mr. Chan Heng Fai is deemed to be interested in all the Shares in which the First Vendor is interested by virtue of the SFO. Mr. Chan Heng Fai is the sole director of the First Vendor. Mr. Chan Heng Fai is the spouse of Ms. Chan Yoke Keow.

2. The Second Vendor is a company incorporated in the British Virgin Islands with limited liability, which are ultimately owned by a discretionary trust established by Ms. Chan Yoke Keow, an executive Director, as settlor. Ms. Chan Yoke Keow is deemed to be interested in all the Shares in which the Second Vendor is interested by virtue of the SFO. Ms. Chan Yoke Keow is the sole director of the Second Vendor. Ms. Chan Yoke Keow is the spouse of Mr. Chan Heng Fai.

3. Mr. Fong Kowk Jen, an non-executive Director of the Company, was the holder of 10,197,080 options convertible into ordinary Shares at a conversion price of HK$0.1128 per Share. Following the exercise of all of the options on 12 May 2015, Mr. Fong held 23,324,523 Shares immediately prior to the Share Sale Completion.

INFORMATION ON OFFEROR AND INTENTIONS REGARDING THE GROUP

Your attention is drawn to the sections headed “Information on the Offeror and its Parent Companies” and “Intentions of the Offeror in relation to the Group” in the “Letter from Alliance Capital” in this Composite Document.

The Board is pleased that the Offeror intends to maintain the principal business of the Group in the property related business and will explore suitable investment and expansion opportunity for bringing returns for all Shareholders. The Board acknowledges the proposed change of management and will co-operate with the Offeror in the interests of the Group and the Shareholders as a whole.

MAINTAINING THE LISTING STATUS OF THE COMPANY

It is stated in the “Letter from Alliance Capital” as set out in this Composite Document that the Offeror intends to maintain the listing of the Shares on the Stock Exchange. The Offeror will undertake to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the entire issued share capital of the Company will continue to be held by the public at all times.

The Stock Exchange has indicated that if, upon closing of the Share Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public or if the Stock Exchange believes that:

(i) a false market exists or may exist in the Shares; or

(ii) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealing in the Shares.

In this connection, it should be noted that upon the close of the Share Offer, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a sufficient level of public float is attained.

RECOMMENDATION

Your attention is drawn to (i) the "Letter from the Independent Board Committee" on page 25 of this Composite Document, which sets out its recommendations to the Independent Shareholders in relation to the Share Offer; and (ii) the "Letter from the Independent Financial Adviser" on pages 27 to 56 of this Composite Document, which sets out its advice to the Independent Board Committee in relation to the Share Offer and the principal factors considered by it in arriving at its advice.

ADDITIONAL INFORMATION

You are also advised to read the "Letter from Alliance Capital" on pages 7 to 18 of this Composite Document, the Appendices to this Composite Document and the accompanying Form of Acceptance and Transfer in respect of the terms and acceptance and settlement procedures of the Share Offer. The Independent Shareholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Share Offer.

Yours faithfully,
Heng Fai Enterprises Limited
Chan Tong Wan
Managing Director

Heng Fai Enterprises Limited
恒輝企業控股有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 185)

6 July 2015

To the Independent Shareholders

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH OFFER BY ALLIANCE CAPITAL PARTNERS LIMITED FOR AND ON BEHALF OF JOY TOWN INC. TO ACQUIRE ALL THE ISSUED SHARES OF HENG FAI ENTERPRISES LIMITED (OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY JOY TOWN INC. AND PARTIES ACTING IN CONCERT WITH IT)

We refer to the Composite Document dated 6 July 2015 jointly issued by the Company and the Offeror, of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in this Composite Document.

We have been appointed to constitute the Independent Board Committee to consider the terms of the Share Offer and to advise you as to whether or not the terms of the Share Offer are fair and reasonable and as to the acceptance of the Share Offer. V Baron Global Financial Services Limited has been appointed as the Independent Financial Adviser to advise us in respect of whether the terms of the Share Offer are fair and reasonable and as to the acceptance of the Share Offer. Details of the Independent Financial Adviser's advice, together with the principal factors and reasons it has considered before arriving at such advice, are set out in the "Letter from the Independent Financial Adviser" on pages 27 to 56 of this Composite Document.

We also wish to draw your attention to the "Letter from the Board" on pages 19 to 24 of this Composite Document, the "Letter from Alliance Capital" on pages 7 to 18 of this Composite Document and the additional information set out in the Appendices to this Composite Document.

Having taken into account the terms of the Share Offer and the advice from the Independent Financial Adviser, we consider that the terms of the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned and recommend the Independent Shareholders to accept the Share Offer.

The Independent Shareholders are recommended to read the full text of the "Letter from the Independent Financial Adviser" on pages 27 to 56 of this Composite Document. Notwithstanding our recommendation, the Independent Shareholders are strongly advised that the decision to realise or to hold your investment in the Offer Shares respectively is subject to individual circumstances and investment objectives and you should consider carefully the terms of the Share Offer.

Yours faithfully,
For and on behalf of the Independent Board Committee
Heng Fai Enterprises Limited

Mr. Wong Tat Keung	**Mr. Wong Dor Luk, Peter**	**Mr. Chan King Fai**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of the letter of advice from V Baron to the Independent Board Committee, which has been prepared for the purpose of inclusion in this circular.

建泉環球金融服務有限公司
V Baron Global Financial Services Limited

18/F., Prosperity Tower
39 Queen's Road Central
Hong Kong

6 July 2015

To: *The Independent Board Committee of Heng Fai Enterprises Limited*

Dear Sirs,

UNCONDITIONAL MANDATORY CASH OFFER BY ALLIANCE CAPITAL PARTNERS LIMITED FOR AND ON BEHALF OF JOY TOWN INC. TO ACQUIRE ALL THE ISSUED SHARES OF HENG FAI ENTERPRISES LIMITED (OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY JOY TOWN INC. AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Share Offer, details of the Share Offer is set out in this Composite Document dated 6 July 2015, of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as ascribed to them under the section headed "Definitions" in this Composite Document.

On 25 April 2015, the Vendors, the Guarantor and the Offeror entered into the Share Purchase Agreement, pursuant to which the Offeror conditionally agreed to acquire and the Vendors conditionally agreed to sell the Sale Shares, being 2,212,547,776 Shares for a cash consideration of HK$731,247,040. The Sales Shares represent 54.88% of the entire issued share capital of the Company as at the date of this Composite Document. Completion of the Share Purchase Agreement took place on 29 June 2015 and, pursuant to Rules 26.1 of the Takeovers Code, the Offeror is required to make the Share Offer to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

With reference to the Joint Announcement, the Company had 10,197,080 outstanding options which were exercisable into 10,197,080 new Shares as at the date of the Joint Announcement. According to the announcement dated 15 June 2015 issued by the Company pursuant to Rule 3.8 of the Takeovers Code, all outstanding options of the Company have been exercised and 10,197,080 new Shares have been issued and allotted by the Company under the share option scheme. Immediately after the issue and allotment of the aforementioned new Shares, 4,031,419,969 Shares were in issue. The Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) save for the 4,031,419,969 Shares.

The Independent Board Committee, comprising all three independent non-executive Directors, namely Mr. Wong Tat Keung, Mr. Wong Dor Luk, Peter and Mr. Chan King Fai, has been established to advise the Independent Shareholders in respect of the Share Offer. The Independent Board Committee has approved our appointment as the independent financial adviser to advise the Independent Board Committee in respect of the Share Offer.

As at the Latest Practicable Date, apart from the existing engagement in connection with the Share Offer, we did not have any business relationship with the Company within the past two years. Save for the normal fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror or any party acting in concert with any of them. We consider ourselves independent to form our opinion in respect of the Share Offer.

BASIS OF OUR OPINION

In formulating our opinion with regard to the Share Offer, we have relied on the information and facts supplied, opinions expressed and representations made to us by the management of the Group (including those contained or referred to in the Joint Announcement and this Composite Document). We have assumed that the information and facts supplied, opinions expressed and representations made to us by the management of the Group, and for which they are wholly responsible, were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of this Composite Document. Shareholders will be notified of any material changes to such information and representations as soon as reasonably practicable in accordance with Rule 9.1 of the Takeovers code. We consider that the information we have received is sufficient for us to reach an informed view and we have no reason to believe that any material information have been withheld, nor doubt the truth, accuracy or completeness of the information provided. We have also relied on certain information available to the public and we have assumed such information to be accurate and reliable, and we have not independently verified the accuracy of such information. We have not, however, conducted any independent investigation into the business and affairs of the Group or the Offeror or the associates of any of them, nor have we carried out any independent verification of the information supplied. We have also not considered the tax, regulatory and other legal implications on the Independent Shareholders in respect of their acceptance or non-acceptance of the Share Offer, respectively, since these depend on their individual circumstances. In particular, the Independent Shareholders (if applicable) who are overseas residents or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers. Should there be any subsequent major changes which occur during the period of the Share Offer that would affect or alter our opinion, we will notify the Independent Board Committee and the Independent Shareholders as soon as practicable.

PRINCIPAL TERMS OF THE SHARE OFFER

1) The Share Offer

Upon the Share Sale Completion, Alliance Capital is, on behalf of the Offeror, making the Share Offer in compliance with the Takeovers Code on the following basis:

For each Offer Share . . . . HK$0.3305 in cash

The Share Offer Price of HK$0.3305 per Offer Share equals the purchase price per Sale Share paid by the Offeror under the Share Purchase Agreement. As at the Latest Practicable Date, the Company has 4,031,419,969 Shares in issue.

The Share Offer Price of HK$0.3305 per Offer Share represents:

(i) a premium of approximately 29.61% over the closing price of HK$0.2550 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a premium of approximately 24.44% over the average closing price of approximately HK$0.2656 per Share for the last five trading days immediately prior to and including the Last Trading Day;

(iii) a premium of approximately 41.54% over the average closing price of approximately HK$0.2335 per Share for the last ten trading days immediately prior to and including the Last Trading Day;

(iv) a premium of approximately 92.94% over the average closing price of approximately HK$0.1713 per Share for the last thirty trading days immediately prior to and including the Last Trading Day;

(v) a premium of approximately 54.73% over the unaudited net asset value of the Group attributable to the Shareholders of approximately HK$0.2136 per Share as at 28 February 2015 and a premium of approximately 61.77% over the audited net asset value of the Group attributable to the Shareholders of approximately HK$0.2043 per Share as at 31 March 2015; and

(vi) a discount of approximately 9.45% over the closing price of HK$0.365 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Further terms and conditions of the Share Offer, including the procedures for acceptance, are set out in Appendix I of this Composite Document.

The Share Offer is unconditional in all respects and will not be conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

The Shares to be acquired under the Share Offer will be fully paid, free from all liens, charges and encumbrances.

2) Total value of the Share Offer

The Share Offer is unconditional in all respects. As at the Latest Practicable Date, there are 4,031,419,969 Shares in issue. Assuming that there is no change in the issued share capital of the Company and on the basis of the Share Offer Price at HK$0.3305 per Share, the entire issued share capital of the Company is valued at approximately HK$1,332,384,300, and the Shares subject to the Share Offer would be valued at HK$468,368,745.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating and giving our independent financial advice to the Independent Board Committee, we have taken into account the following principal factors:

1) Information and historical financial performance of the Group

The Company was incorporated in Hong Kong with limited liability and its Shares are listed on the Main Board of the Stock Exchange. As set out in the Letter from the Board, the Group is principally engaged in property development, property investment and trading, property development management, hotel operations and securities trading and investment.

1.1 Historical financial results of the Group

The following is a summary of the financial results of the Group for the three years ended 31 March 2013, 2014 and 2015 as extracted from the annual report of the Company for the year ended 31 March 2014 (the "**2014 Annual Report**") and the annual results announcement of the Company for the year ended 31 March 2015 dated 26 June 2015 (the "**2015 Results Announcement**") respectively:

	For the year ended 31 March		
	2015	**2014**	**2013**
	HK$000	*HK$000*	*HK$000*
	(audited)	(audited)	(audited)
Revenue	**60,661**	**32,483**	**56,634**
– Financing operations	–	–	108
– Securities trading and investment	6,393	6,380	6,938
– Treasury investment	–	–	784
– Property investment other than AHR and GMR	16,973	17,546	21,770
– Hotel operations	6,666	7,090	27,034
– Property development	–	–	–
– Property investment and management in the USA by AHR and GMR	30,389	1,422	–
– Others	240	45	–

	For the year ended 31 March		
	2015	**2014**	**2013**
	HK$000	*HK$000*	*HK$000*
	(audited)	(audited)	(audited)
Segment profits	**17,962**	**8,280**	**47,335**
– Financing operations	–	–	(1,099)
– Securities trading and investment	16,432	(2,319)	16,045
– Treasury investment	–	–	515
– Property investment other than AHR and GMR	9,400	21,417	46,357
– Hotel operations	(4,658)	(5,352)	(14,247)
– Property development	–	–	(236)
– Property investment and management in the USA by AHR and GMR	(3,079)	(3,633)	–
– Others	(133)	(1,833)	–
Profit/(loss) before tax	**(51,325)**	**(42,223)**	**9,778**
Profit/(loss) attributable to owners of the Company	**(54,920)**	**(43,503)**	**33,375**

For the year ended 31 March 2013

According to the 2014 Annual Report, the revenue of the Group amounted to approximately HK$56.6 million for the year ended 31 March 2013, and resulted in approximately HK$33.4 million of profit attributable to owners of the Company for the same period. The profit of the Group was mainly contributed by approximately HK$10.7 million of fair value gain on financial assets at fair value through profit or loss due to increase in mark-to-market price of marketable securities, approximately HK$37.4 million of fair value gain on revaluation of investment properties due to increase in the valuation of investment properties, and approximately HK$45.0 million of gain on disposal of subsidiaries due to disposal of SingHaiyi Group Ltd. ("**SingHaiyi**") (a subsidiary of the Group which was disposed of on 25 January 2013).

For the year ended 31 March 2014

According to the 2015 Results Announcement, where some of the financial information of the Group for the year ended 31 March 2014 have been restated, the revenue of the Group amounted to approximately HK$32.5 million for the year ended 31 March 2014, and resulted in approximately HK$43.5 million of loss attributable to owners of the Company for the same period. The loss of the Group was mainly contributed by approximately HK$69.5 million of administrative expenses mainly comprised of staff salary including Directors of approximately HK$53.6 million, and approximately HK$4.7 million of finance costs including interest expense from bank and other borrowings of approximately HK$3.3 million and interest expense from bond of approximately 1.3 million.

For the year ended 31 March 2015

According to the 2015 Results Announcement, the revenue of the Group amounted to approximately HK$60.7 million for the year ended 31 March 2015, and resulted in approximately HK$54.9 million of loss attributable to owners of the Company for the same period. The loss of the Group was mainly contributed by approximately HK$99.4 million of administrative expenses mainly comprised of staff salary including Directors of approximately HK$42.6 million, approximately HK$10.2 million of finance costs including interest expense from bank and other borrowings of approximately HK$10.0 million and other finance costs of approximately HK$0.2 million.

Financial results for the year ended 31 March 2014 compared with that for the year ended 31 March 2013

According to the 2015 Results Announcement, where some of the financial information of the Group for the year ended 31 March 2014 have been restated, the Group recorded revenue of approximately HK$32.5 million for the year ended 31 March 2014, representing a decrease of approximately 42.6% as compared with that of approximately HK$56.6 million for the year ended 31 March 2013. The loss attributable to owners of the Company amounted to approximately HK$43.5 million for the year ended 31 March 2014, showing a significant decline from a profit attributable to owners of the Company amounted to approximately HK$33.4 million for the same period in 2013.

With reference to the 2014 Annual Report, the decrease in revenue for the financial year 2014 was mainly attributable to the disposal of Hotel Plaza Miyazaki in Japan, which resulted in lowered revenue for the hotels and hospitality segment by 73.8% from approximately HK$27.0 million to approximately HK$7.1 million for the year ended 31 March 2013 and 2014 respectively. In addition, the revenue from the segment of property investment other than AHR (as defined below) and GMR (as defined below) also decreased from approximately HK$21.8 million for the year ended 31 March 2013 to approximately HK$17.5 million for the year ended 31 March 2014 mainly due to the disposal of SingHaiyi which the Group no longer recognize the rental income from the investment properties held by SingHaiyi as confirmed by the Directors.

Further from the 2014 Annual Report, the loss-making result for the financial year 2014 was primarily due to:

(i) the securities trading and investment segment recorded a loss of approximately HK$2.3 million for the year ended 31 March 2014 compared to a profit of approximately HK$16.0 million for the year ended 31 March 2013, which was mainly attributable to the fair value gain on financial assets at fair value through profit or loss of approximately HK$10.7 million for the year ended 31 March 2013 decreased to a loss of approximately HK$7.2 million for the year ended 31 March 2014 due to the decrease in the mark-to-market price of the financial assets;

(ii) a decrease in segment profits from property investment other than AHR (as defined below) and GMR (as defined below) from approximately HK$46.4 million for the year ended 31 March 2013 to approximately HK$21.4 million for the year ended 31 March 2014, which was mainly due to the net fair value gain on revaluation of investment properties of approximately HK$37.4 million for the year ended 31 March 2013 decreased to approximately HK$4.6 million for the year ended 31 March 2014 due to the decrease in the valuation of the investment properties; and

(iii) a decrease in the net amount from gain on disposal of subsidiaries or associates from approximately HK$72.6 million for the year ended 31 March 2013 to approximately HK$34.6 million.

Financial results for the year ended 31 March 2015 compared with that for the year ended 31 March 2014

The revenue of the Group amounted to approximately HK$60.7 million for the year ended 31 March 2015, representing an increase of approximately 86.7% as compared to a revenue of approximately HK$32.5 million for the corresponding period in 2014. With reference to the 2015 Results Announcement, the increase was mainly attributable to an increase in revenue from property investment and management in the United States of America ("**U.S.**" or "**USA**") by AHR (as defined below) and GMR (as defined below) by approximately HK$29.0 million from approximately HK$1.4 million for the year ended 31 March 2014 to approximately HK$30.4 million for the year ended 31 March 2015, which was a new reportable operating segment under the new corporate strategy to transform the Company from an investment holding company to an owner and manager of the Real Estate Investment Trusts ("**REIT(s)**") since December 2013. The American Housing REIT Inc. ("**AHR**") and Global Medical REIT Inc. ("**GMR**") are the two subsidiaries of the Group in the U.S. primarily invests in single-family rentals ("**SFRs**") and specialized, high-acuity medical facilities respectively.

The Company recorded a loss attributable to owners of the Company of approximately HK$54.9 million for the year ended 31 March 2015, showing a further deterioration by approximately HK$11.4 million from a loss attributable to owners of the Company of approximately HK$43.5 million for the same period in 2014. The loss deterioration was mainly due to:

(i) decrease in segment profit from property investment other than AHR and GMR from approximately HK$ 21.4 million for the year ended 31 March 2014 to approximately HK$9.4 million for the year ended 31 March 2015 due to exchange loss of approximately HK$6.0 million and decrease in gain on revaluation of investment properties by approximately HK$2.0 million as confirmed by the Directors;

(ii) the absence of an one-off gain on disposal of subsidiaries from approximately HK$34.6 million for the year ended 31 March 2014 to nil for the year ended 31 March 2015; and

(iii) increase in income tax expense by approximately HK$4.1 million from an income tax credit of approximately HK$0.1 million for the year ended 31 March 2014 to an income tax expense of approximately HK$4.0 million for the year ended 31 March 2015 due to the increased revenue of the Group.

Where the above negative factors contributing to the increase in loss attributable to owners of the Company from financial year 2014 to 2015 were partially offset by:

(i) increase in profits from securities trading and investment from a loss of approximately HK$2.3 million for the year ended 31 March 2014 to a profit of approximately HK$16.4 million for the year ended 31 March 2015, which was due to the increase in fair value of financial assets at fair value through profit or loss from a loss of approximately HK$7.2 million for the year ended 31 March 2014 to a profit of approximately HK$10.8 million for year ended 31 March 2015 due to the increase in the mark-to-market price of the financial assets.

(ii) decrease in unallocated corporate expenses by approximately HK$17.3 million from approximately HK$84.5 million for the year ended 31 March 2014 to approximately HK$67.2 million for the year ended 31 March 2015 due to the decrease in the salary of the Guarantor by approximately HK$17.7 million from financial year 2014 to financial year 2015.

No dividends was declared for the years ended 31 March 2013, 2014 and 2015.

1.2 Financial positions of the Group

The table below is a summary of the consolidated financial positions of the Group as at 31 March 2013, 2014 and 2015, as extracted from the 2014 Annual Report and 2015 Results Announcement respectively:

	As at 31 March		
	2015	**2014**	**2013**
	HK$000	*HK$000*	*HK$000*
	(audited)	(audited)	(audited)
Total assets	1,168,869	1,094,327	1,175,624
Total liabilities	429,577	272,557	275,876
Net assets	739,292	821,770	899,748

As at 31 March 2013

As at 31 March 2013, the Group had total assets of approximately HK$1,175.6 million. The total assets were mainly comprised of (i) investment properties of approximately HK$626.4 million; (ii) financial assets at fair value through profit or loss of approximately HK$59.1 million; and (iii) bank balances and cash of approximately HK$353.4 million, which accounted for approximately 53.3%, 5.0% and 30.1% of the total assets of the Group respectively.

Total liabilities of the Group as at 31 March 2013 amounted to approximately HK$275.9 million. The total liabilities were mainly comprised of (i) borrowings – current portion of approximately HK$89.5 million; (ii) amount due to a Director of approximately HK$7.5 million; (iii) non-convertible bonds of approximately HK$105.6 million; and (iv) borrowings – non-current portion of approximately HK$62.0 million, which accounted for approximately 32.5%, 2.7%, 38.3% and 22.5% of the total liabilities of the Group respectively.

As at 31 March 2014

As at 31 March 2014, the Group had total assets of approximately HK$1,094.3 million. The total assets were mainly comprised of (i) investment properties of approximately HK$711.9 million; (ii) financial assets at fair value through profit or loss of approximately HK$126.4 million; and (iii) bank balances and cash of approximately HK$102.7 million, which accounted for approximately 65.1%, 11.5% and 9.4% of the total assets of the Group respectively.

Total liabilities of the Group as at 31 March 2014 amounted to approximately HK$272.6 million. The total liabilities were mainly comprised of (i) bank and other borrowings of approximately HK$201.3 million; and (ii) amounts due to a Director of approximately HK$61.2 million, which accounted for approximately 73.9% and 22.4% of the total liabilities of the Group respectively.

As at 31 March 2015

As at 31 March 2015, the Group had total assets of approximately HK$1,168.9 million. The total assets were mainly comprised of (i) investment properties of approximately HK$844.9 million; (ii) investment properties classified as held for sale of approximately HK$99.1 million; (iii) pledged bank deposits of approximately HK$56.6 million; and (iv) bank balances and cash of approximately HK$47.1 million, which accounted for approximately 72.3%, 8.5%, 4.8% and 4.0% of the total assets of the Group respectively.

Total liabilities of the Group as at 31 March 2015 amounted to approximately HK$429.6 million. The total liabilities were mainly comprised of (i) bank and other borrowings – due within one year of approximately HK$210.6 million; and (ii) bank and other borrowings – due after one year of approximately HK$188.9 million, which accounted for approximately 49.0% and 44.0% of the total liabilities of the Group respectively.

Comparison of financial positions of the Group as at 31 March 2013 and as at 31 March 2014

The total assets of the Group dropped by approximately HK$81.3 million from approximately HK$1,175.6 million as at 31 March 2013 to approximately HK$1,094.3 million as at 31 March 2014, representing approximately 6.9% decrease. It was primarily attributable to the significant decrease in bank balances and cash by approximately HK$250.7 million from approximately HK$353.4 million as at 31 March 2013 to approximately HK$102.7 million as at 31 March 2014, despite the increase in investment properties and financial assets at fair value through profit or loss by approximately HK$85.5 million and approximately HK$67.3 million respectively over the same period. As confirmed by the Directors, the decrease in bank balances and cash was mainly due to the purchase of investment properties of approximately HK$98.9 million and repayment of non-convertible bonds of approximately HK$105.6 million.

The total liabilities of the Group showed a mild decrease by approximately HK$3.3 million from approximately HK$275.9 million as at 31 March 2013 to approximately HK$272.6 million as at 31 March 2014. It was a combined effect of (i) an increase in bank and other borrowings – due within one year by approximately HK$76.2 million from financial year 2013 to 2014; (ii) an increase in amounts due to a Director by approximately HK$53.6 million from financial year 2013 to 2014; (iii) a decrease in bank and other borrowings – due after one year by approximately HK$26.4 million from financial year 2013 to 2014; and (iv) the early redemption of all outstanding non-convertible bonds of approximately HK$105.6 million on 30 April 2013 as stated in the 2014 Annual Report. As advised by the Directors, the increase in borrowings and amounts due to a Director was mainly due to the financing acquisition of investment properties of SFRs under AHR and acquisition of marketable securities. The gearing ratio of the Group (being total borrowings less bank balances and cash and pledged bank deposits to total assets) increased from 0% as at 31 March 2013 to approximately 4.0% as at 31 March 2014.

Comparison of financial positions of the Group as at 31 March 2014 and as at 31 March 2015

The total assets of the Group increased by approximately HK$74.6 million from approximately HK$1,094.3 million as at 31 March 2014 to approximately HK$1,168.9 million as at 31 March 2015, representing an increase of approximately 6.8%. It was primarily attributable to the increase in investment properties by approximately HK$133.0 million from approximately HK$711.9 million as at 31 March 2014 to approximately HK$844.9 million as at 31 March 2015, and increase in investment properties classified as held for sale by approximately HK$92.6 million from approximately HK$6.5 million as at 31 March 2014 to approximately HK$99.1 million as at 31 March 2015; while there were decrease in financial assets at fair value through profit or loss and bank balances and cash by approximately HK$86.5 million and approximately HK$55.6 million respectively over the same period. As advised by the Directors, the increase in investment properties and the decrease in bank balances and cash were due to the acquisition of SFRs under AHR and medical facilities under GMR in the U.S.

The total liabilities of the Group surged by approximately HK$157.0 million from approximately HK$272.6 million as at 31 March 2014 to approximately HK$429.6 million as at 31 March 2015, representing approximately 57.6% increase. With reference to the 2015 Results Announcement, it was mainly attributable to the significant increase in bank and other borrowings – due after one year by approximately HK$153.3 million from approximately HK$35.6 million as at 31 March 2014 to approximately HK$188.9 million as at 31 March 2015. The bank and other borrowings – due within one year also increased by approximately HK$44.9 million from approximately HK$165.7 million as at 31 March 2014 to approximately HK$210.6 million as at 31 March 2015. Whilst, the amounts due to a Director of approximately HK$61.2 million as at 31 March 2014 has been fully repaid during the financial year 2015. According to the 2015 Results Announcement, the increase in bank borrowings was mainly due to bank financing for the acquisition of SFRs under AHR and medical facilities under GMR in the U.S. These acquisitions were in line with the new corporate strategy to own and manage REITs. The gearing ratio of the Group (being total borrowings less bank balances and cash and pledged bank deposits to total assets) was therefore increased significantly from 4.0% as at 31 March 2014 to approximately 24.7% as at 31 March 2015.

1.3 Cash flow of the Group

The table below is a summary of the consolidated cash flow statements of the Group for the year ended 31 March 2013, 2014 and 2015, as extracted from the 2014 Annual Report and the management accounts of the Company for the year ended 31 March 2015 provided by the Company respectively:

	For the year ended 31 March		
	2015	**2014**	**2013**
	HK$000	*HK$000*	*HK$000*
	(unaudited)	(audited)	(audited)
Net cash (used in) from operating activities	52,691	(103,334)	(224,153)
Net cash (used in) from investing activities	(282,527)	(153,925)	(213,610)
Net cash from financing activities	177,900	12,156	686,772

Operating cash flow

For the year ended 31 March 2013, the net cash used in operating activities of the Group amounted to approximately HK$224.2 million. Profit before income tax for the year ended 31 March 2013 was approximately HK$9.8 million. Adjustments primarily include gain on deemed disposal of subsidiaries amounted to approximately HK$45.0 million. Changes in working capital were primarily driven by (i) increase in properties under development for sale of approximately HK$121.7 million, which was held under SingHaiyi; and (ii) increase in trade and other receivables, deposits and prepayments of approximately HK$60.2 million, which were mainly money kept in broker's account regarding the sale of the shares of SingHaiyi amounted to approximately HK$63.5 million.

For the year ended 31 March 2014, the net cash used in operating activities of the Group amounted to approximately HK$103.3 million. Loss before income tax for the year ended 31 March 2014 was approximately HK$42.2 million. Adjustments primarily include gain on disposal of subsidiaries of approximately HK$34.6 million. Changes in working capital were primarily the combined effect of (i) increase in financial assets at fair value through profit or loss of approximately HK$74.5 million, which the financial assets were held for trading purpose; (ii) decrease in accounts receivable, deposits and prepayments of approximately HK$26.6 million due to the money kept in broker's account in financial year 2013 was being withdrawn or utilized in financial year 2014; and (iii) decrease in amount due to a Director of approximately HK$7.5 million.

For the year ended 31 March 2015, the net cash from operating activities of the Group amounted to approximately HK$52.7 million. Loss before taxation for the year ended 31 March 2015 was approximately HK$51.3 million. Adjustments primarily include increase in fair value of financial assets at fair value through profit or loss of approximately HK$10.8 million and finance costs of approximately HK$10.2 million. Changes in working capital were mainly driven by the (i) decrease in financial assets at fair value through profit or loss of approximately HK$88.6 million and (ii) decrease in accounts receivable, deposits and prepayments of approximately HK$15.6 million for the year ended 31 March 2015.

Investing cash flow

For the year ended 31 March 2013, the net cash used in investing activities of the Group amounted to approximately HK$213.6 million, which was mainly the combined effect of (i) proceeds from disposal of investment properties of approximately HK$177.7 million; (ii) proceed from disposal of partial interests in subsidiaries without loss of control of approximately HK$76.6 million; (iii) net cash outflow from deemed disposal of subsidiaries of approximately HK$665.0 million; (iv) net cash inflow from disposal of associates of approximately HK$217.5 million; (v) decrease in amount due from SingHaiyi of approximately HK$143.6 million; and (vi) advances to associates of approximately HK$145.0 million.

For the year ended 31 March 2014, the net cash used in investing activities of the Group amounted to approximately HK$153.9 million, which was mainly attributable to the placement of pledged bank deposits of approximately HK$47.6 million and purchase of investment properties of approximately HK$98.9 million.

For the year ended 31 March 2015, the net cash used in investing activities of the Group amounted to approximately HK$282.5 million, which was mainly attributable to the purchase of investment properties of approximately HK$276.2 million and the placement of pledged bank deposits of approximately HK$9.5 million for the year ended 31 March 2015.

Financing cash flow

For the year ended 31 March 2013, the net cash from financing activities of the Group amounted to approximately HK$686.8 million, which were mainly attributable by (i) proceeds from issuance of convertible preference shares by SingHaiyi of approximately HK$596.4 million; (ii) proceeds from issue of shares upon exercise of share options of approximately HK$58.2 million; and (iii) new borrowings raised of approximately HK$177.5 million, which were partially offset by repayment of borrowings of approximately HK$155.0 million.

For the year ended 31 March 2014, the net cash from financing activities of the Group amounted to approximately HK$12.2 million, which was primarily due to new bank and other borrowings of approximately HK$61.9 million and advance from a Director of approximately HK$61.2 million, which was partially offset by repayment of bonds of approximately HK$105.6 million.

For the year ended 31 March 2015, the net cash from financing activities of the Group amounted to approximately HK$177.9 million, which was mainly driven by the combined effect of (i) new bank and other borrowings of approximately HK$242.1 million due to the bank borrowings for financing acquisition of SFRs under AHR and medical facilities under GMR in the U.S.; (ii) issue of shares of approximately HK$18.6 million due to the allotment and issue of 53 million new Shares in pursuant to a subscription agreement entered into by the Company and an independent third party dated 6 May 2014; (iii) repayment of bank and other borrowings of approximately HK$22.6 million; and (iv) repayment to a Director of approximately HK$61.2 million.

Having considered that (i) the Group's overall financial performance recorded losses in financial years 2014 and 2015; (ii) the liabilities of the Group surged by approximately HK$157.0 million from financial year 2014 to 2015 primarily due to the acquisitions of SFRs under AHR and medical facilities under GMR in the U.S.; and (iii) no dividend has been declared in recent three financial years, we are of the view that the Share Offer represents an opportunity for the Shareholders to realize their investment in the Company.

2) Future prospects and outlook of the Group

With reference to the 2015 Results Announcement, the revenue of each of the business segments of the Group namely: securities trading and investments, property investment and management in the USA by AHR and GMR, property investment other than AHR and GMR, and hotel operations accounted for approximately 10.5%, 50.1%, 28.0% and 11.0% of the total revenue of the Group for the year ended 31 March 2015 respectively.

The two business segments of property investment and management in the USA by AHR and GMR, and property investment other than AHR and GMR accounted for in aggregate approximately 78.1% of the total revenue of the Group for the year ended 31 March 2015. The two property-related segments of the Group generate revenue from properties primarily located in Hong Kong, Singapore and the U.S.

According to the Hong Kong Property Review 2015 published by the Rating and Valuation Department, the tight demand for properties and the ultra-low interest rate environment have contributed to the increased property prices in the year 2014. Residential property completions amounted to approximately 15,720 units for the year 2014, representing an increase of approximately 90.5% of that for the year 2013. But the residential property take-up had increased by approximately 105.0% from approximately 8,060 units for the year 2013 to approximately 16,520 units for the year 2014, leading to a decreased vacancy at the end of 2014 of approximately 43,260 units, which represents approximately 3.8% of the total stock at the end of 2014. Residential property completions are forecasted to drop by approximately 15.5% from that of the year 2014 to approximately 13,290 units for the year 2015. As such, the Group may be benefited from the property investments in Hong Kong in view of the expected drop in residential property completions for the year 2015 and the then expected increase in home prices.

Urban Redevelopment Authority ("**URA**"), a Singapore government authority for land use planning and conservation, computes the private residential property price index to reflect the broad price trends in Singapore's private residential market. The table below shows the quarter-on-quarter change in the property price index of private residential properties in Singapore from first quarter 2014 to first quarter 2015:

Period	**All Residential**
First Quarter 2014	–1.3%
Second Quarter 2014	–1.0%
Third Quarter 2014	–0.7%
Fourth Quarter 2014	–1.1%
First Quarter 2015*	–1.1%

Source: URA

* *estimate*

According to the above table, the quarter-on-quarter change in the property price index of private residential properties in Singapore showed a consecutive negative growth from first quarter 2014 to first quarter 2015. The URA suggested that the falling home prices in Singapore was caused by concerns pertaining to the sooner-than-expected rise in interest rates and the limited supply of homes amid the on-going implementation of property market cooling measures in Singapore. Therefore, the Group may experience a negative growth in its property investments in Singapore in view of the negative growing trend of the price of private residential properties in Singapore from first quarter 2014 to first quarter 2015.

Financial Times Stock Exchange ("**FTSE**"), a member of the London Stock Exchange Group, is a provider of global index and analytical solutions. FTSE calculates indices across a wide range of asset classes including REITs. National Association of Real Estate Investment Trusts ("**NAREIT**") is on the other hand a U.S. based association represents its worldwide members of REITs and publicly traded real estate companies with an interest in U.S. real estate and capital markets. The FTSE NAREIT All REITs Index ("**ALL REITS**") is a market capitalization-weighted index designed by FTSE that consists of all publicly traded REITs listed on the New York Stock Exchange ("**NYSE**"), the American Stock Exchange or the National Association of Securities Dealer Automated Quotation ("**NASDAQ**") National Market List to represent the general trends in U.S. REIT market. Standard & Poor's 500 Index ("**S&P 500**") is a market value weighted index for U.S. large market capitalization stocks. The table below shows the cumulative returns of ALL REITS as at 31 March 2015, and the cumulative returns of S&P 500 as a benchmark for the overall U.S. stock market as at 31 March 2015:

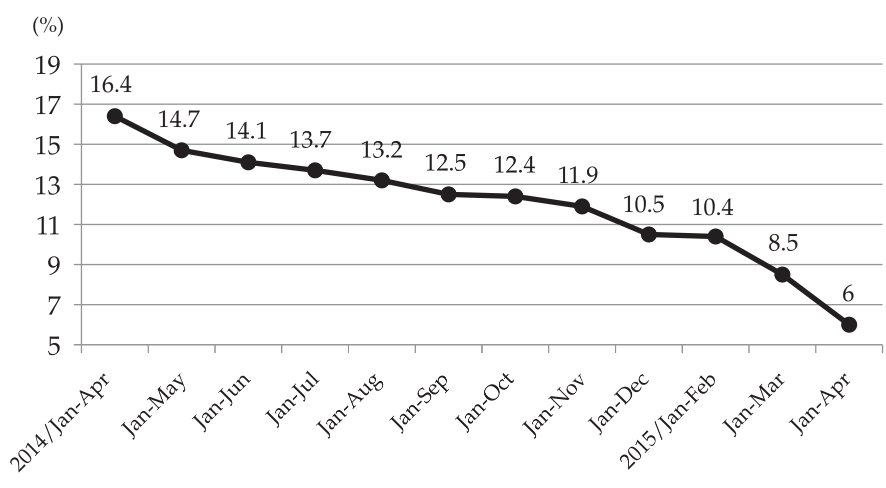
US Real Estate Market Returns as at 31 March 2015

(%; cumulative)	1 Month	Yield to Date ("YTD")	1 Year	3 Years	5 Years
ALL REITS	1.2	4.1	21.9	48.6	104.9
S&P 500	–1.6	1.0	12.7	56.6	96.5

Source: FTSE NAREIT All REITs Index

According to the data shown in the above table, ALL REITS recorded a 1-year cumulative return of approximately 21.9% for the year ended 31 March 2015, and out-performed that of the S&P 500 by approximately 9.2%. While the 3-year cumulative return of ALL REITS was beaten by that of the S&P 500 for approximately 8.0%, the 1-month and 3-month (YTD as at 31 March 2015) short term cumulative returns of ALL REITS showed better results than those of the S&P 500. Therefore, the Group may be benefited from the investments in REITs in the U.S. as REITs in the U.S. generally have better returns than the S&P 500.

Growth Rate of Investment in Real Estate Development



Source: National Bureau of Statistics of China

Besides, according to the "Letter from Alliance Capital" in this Composite Document and confirmed by the Directors, the Offeror intends to analyze feasibility of expanding the Group's real estate business into China. From the above graph, the monthly cumulative growth rate of investment in real estate development in the PRC showed a decreasing trend for the year 2014, which recorded approximately 10.5% growth for the whole year. The decreasing growth trend extended into the year 2015, with an approximately 6% growth from January 2015 to April 2015. As such, the Group may be benefited from the property investments in the PRC if the Group expands its real estate business into China as the growth rate of investment in real estate development is expected to show a positive figure for the year 2015.

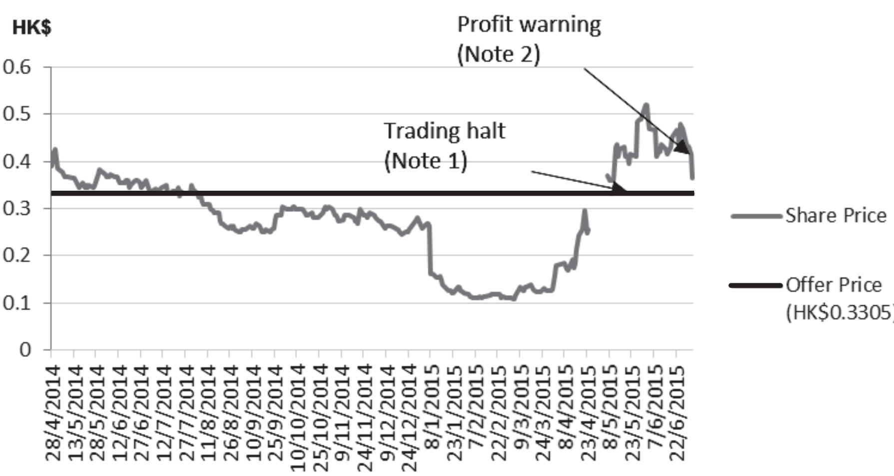
As stated before, the business segment of securities trading and investments of the Group accounted for approximately 10.5% of the total revenue of the Group for the year ended 31 March 2015. As advised by the Directors, the Group mainly invests in shares listed on the Stock Exchange and the Singapore Exchange Limited, and such investments are made mainly based on the market conditions of the corresponding stock market. For the 1 year from 4 July 2014 to the Latest Practicable Date, the Hang Seng Index has increased from 23,546 to 26,064, representing an increase of approximately 10.7%, while the Straits Times Index has increased from 3,272 to 3,342 over the same period, representing an increase of approximately 2.1%. Therefore, the Group may be benefited from the securities trading and investments in view of the increasing trend of the Hang Seng Index for the 1 year from 4 July 2014 to the Latest Practicable Date.

Based on: (i) the Group may be benefited from the property investments in Hong Kong in view of the expected drop in residential property completions for the year 2015 and the then expected increase in home prices; (ii) the Group may experience a negative growth in its property investments in Singapore in view of the negative growing trend of the price of private residential properties in Singapore from first quarter 2014 to first quarter 2015; (iii) the Group may be benefited from the investments in REITs in the U.S. as REITs in the U.S. generally have better returns than the S&P 500; (iv) the Group may be benefited from the securities trading and investments in view of the increasing trend of the Hang Seng Index for the 1 year from 4 July 2014 to the Latest Practicable Date; (v) the Group may be benefited from investments in real estate development in China as the growth rate of investment in real estate development in China is expected to show a positive figure for the year 2015; and (vi) the recent financial performance of the Group, we are of the view that even though the outlook of some of the above markets are positive, the property investment and management in the USA by AHR and GMR segment recorded a significant increase in revenue from financial year 2014 to 2015, and the securities trading and investment showed an increase in profits over the same period, the Group still recorded an overall losses attributable to owners of the Company for the year ended 31 March 2014 and 2015. In particular, property investment and management in the USA by AHR and GMR recorded a significant increase in segment revenue from approximately HK$1.4 million for the year ended 31 March 2014 to approximately HK$30.4 million for the year ended 31 March 2015 under the growing U.S. property market, the segment still resulted in a loss of approximately HK$3.1 million for the year ended 31 March 2015. In addition, if the one-off gain on disposal of subsidiaries of approximately HK$34.6 million for the year ended 31 March 2014 is disregarded, the loss of the Group would further increase and amount to approximately HK$78.1 million. In view of the above, it is of our concern whether the Group could improve its profitability in the future.

3) Historical Share price performance and trading liquidity

3.1 Historical Share price performance

Set out below is the daily closing price of the Shares as quoted on the Stock Exchange for the period from 28 April 2014, being the first trading day of the twelve calendar months preceding the trading halt announcement (the "**Trading Halt Announcement**"), up to and including the Latest Practicable Date (the "**Review Period**").



Source: website of the Stock Exchange

Note:

1. Trading was halted on 27 April 2015 in relation to the issuance of the Joint Announcement

2. The Company issued a profit warning announcement on 9 June 2015

During the Review Period, the average closing price was HK$0.28 per Share. The highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK$0.52 per Share recorded on 1 June 2015 and HK$0.109 per Share recorded on 4 March 2015 respectively.

Pre-Announcement Period

The closing prices were in a downward trend from HK$0.425 on 30 April 2014 to HK$0.109 on 4 March 2015 and then hovered in the lower range of the Review Period between HK$0.109 and HK$0.139 till 31 March 2015.

During the period from 4 March 2015 to 31 March 2015, the average closing price was HK$0.13. On 27 February 2015, the Company announced its proposed open offer. Since then and up to 31 March 2015, being one trading date before the release of the announcement regarding the possible disposal of

Shares by Controlling Shareholders (the "**First Possible Disposal Announcement**"), the closing prices increased from HK$0.112 to HK$0.13, we consider that it was owing to the market reaction to the possible fund raising exercise.

The average closing price from 28 April 2014 to 31 March 2015 (the "**Pre-Announcement Period**") was HK$0.26.

Pre-Trading Halt Period

The closing price went up sharply from HK$0.13 on 31 March 2015 to HK$0.16 on 1 April 2015, being the date of the First Possible Disposal Announcement.

Since then and up to 10 April 2015, being the date of the release of the announcement regarding the possible disposal of Shares by Controlling Shareholders which may lead to change in control (the "**Second Possible Disposal Announcement**"), the closing price further increased to HK$0.185 on 8 April 2015, representing an increase of approximately 15.6% during such period.

From 10 April 2015 to 24 April 2015, the closing price went up to HK$0.255 on 24 April 2015, being the last trading date before the trading halt of Shares on the Stock Exchange pending for the publication of Trading Halt Announcement.

During the period from the First Possible Disposal Announcement and Trading Halt Announcement (the "**Pre-Trading Halt Period**"), the closing price went up of approximately 59.4%.

The average closing price in Pre-Trading Halt Period was HK$0.21.

Post-Announcement Period

From the publication of the Joint Announcement on 27 April 2015 to the Latest Practicable Date (the "**Post-Announcement Period**"), the closing Share price further increased and peaked at HK$0.52 on 1 June 2015 and maintained at levels above the Share Offer Price on the Latest Practicable Date, despite the issue of a profit warning announcement by the Company on 9 June 2015.

The average closing price in Post-Announcement Period was HK$0.44.

We consider that such upswing of the closing price of the Shares is likely to be attributable to the market reaction to the publication of Possible Disposal Announcement and Trading Halt Announcement, the general public reacted positively towards the publication of such announcements, causing the Share price increase in an upward trend. As the Share Offer will result in change in control upon completion, speculation on the prospects of the Group may have provided support on the current level of Share price. However, the closing Share prices were trading below the Share Offer Price for 177 out of 283 trading days during the Review Period and the closing Share price just commenced to surge above the Share Offer Price after the publication of the Joint Announcement, we consider that the sustainability of the current price level is uncertain.

Having considered that (i) the Share Offer Price represents approximately 18.0% premium over the average closing price of HK$0.28 during the Review Period; (ii) the Share Offer Price represents approximately 27.1% premium over the average closing price of HK$0.26 during the Pre-Announcement Period; (iii) the Share Offer Price represents approximately 57.4% premium over the average closing price of HK$0.21 during the Pre-Trading Halt Period; and (iv) the Share Offer Price represents approximately 24.9% discount over the average closing price of HK$0.44 during the Post-Announcement Period of which we consider it is likely to be attributable to the market reaction and speculation on the Group's prospect as a result of change in control as mentioned above and the sustainability of the current price level is uncertain, we are of the view that the Share Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

3.2 *Trading liquidity*

Set out below in the table are (i) number of trading days in each month; (ii) the total monthly trading volume of the Shares; (iii) average daily trading volume for the month/period; (iv) the percentages of average daily trading volume for the month/period to the total issued Shares; and (v) the percentages of the average monthly trading volume to the total Shares held by the public as at the Latest Practicable Date:

2014

	Number of trading days in each month	Total Monthly trading volume of the Shares	Average daily trading volume for the month/period(1)	Approximate % of average daily trading volume of the month/period to the total number of issued Shares as at the Latest Practicable Date(2)	Approximate % of average daily trading volume of the month/period to the total number of Shares held by the public as at the Latest Practicable Date(3)
2014					
April (from 28 April to 30 April)	3	24,482,700	8,160,900	0.20%	0.58%
May	20	50,420,000	2,521,000	0.06%	0.18%
June	20	44,049,150	2,202,458	0.05%	0.16%
July	22	43,050,884	1,956,858	0.05%	0.14%
August	20	76,708,577	3,835,429	0.10%	0.27%
September	21	35,071,000	1,670,048	0.04%	0.12%
October	21	71,125,028	3,386,906	0.08%	0.24%
November	20	55,849,262	2,792,463	0.07%	0.20%
December	20	85,964,200	4,298,210	0.11%	0.30%
2015					
January	21	648,006,000	30,890,762	0.77%	2.18%
February	18	74,232,500	4,124,028	0.10%	0.29%
March	22	211,046,045	9,593,002	0.24%	0.68%
April (1-24 April 2015)	15	888,464,749	59,230,983	1.47%	4.18%
May (6-29 May 2015)	16	3,324,514,410	207,782,151	5.17%	14.66%
June	22	916,787,112	41,672,141	1.03%	2.94%
July (2 July 2015 up to and including the Latest Practicable Date)	2	115,987,359	57,993,680	1.44%	4.09%

Source: website of the Stock Exchange

Notes:

(1) Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period

(2) Based on 4,031,419,969 Shares in issue as at the Latest Practicable Date

(3) Based on 1,417,152,027 Shares held by the public Shareholders as at the Latest Practicable Date

We note from the above table, the average daily trading volume for the month/period during the Review Period ranged from 1.67 million Shares to 207.78 million Shares, representing 0.04% to 5.17% of the total number of Shares in issue as at the Latest Practicable Date, and approximately 0.12% to 14.66% of the total number of Shares held by the public as at the Latest Practicable Date.

The average daily trading volume of the Shares has been generally thin before the First Possible Disposal Announcement. Before such announcement, except for January 2015, the average daily trading volume was less than 10 million Shares and the approximate percentages of average daily trading volume of the month/period to the total number of issued Shares or the total number of Shares held by public were below 1%.

A significant increase in trading volume of Shares was recorded after the First Possible Disposal Announcement. During the period from the First Possible Disposable Announcement to Trading Halt Announcement in April, the average daily trading volume was 59.23 million Shares and the approximate percentages of average daily trading volume of the month/period to the total number of issued Shares or the total number of Shares held by public were 1.47% and 4.18% respectively.

Following the Joint Announcement up to the Latest Practicable Date, the average daily trading volume was further increased to 108.9 million Shares and the approximate percentages of average daily trading volume of the month/period to the total number of issued Shares or the total number of Shares held by public went up to 2.70% and 7.69% respectively.

The trading volume increased in line with the increase in Share prices since the First Disposal Announcement. A relatively higher trading volume was recorded after the First Disposal Announcement in April and May, which we consider was primarily due to the market reaction to the publication of Joint Announcement. From 1 June 2015 to the Latest Practicable Date, the average daily trading volume dropped significantly comparing to that in May 2015. As such, we consider that the sustainability of the recent growth in trading volume is uncertain.

Given the thin historical average daily trading volume of the Shares, it is uncertain that the overall liquidity of the Shares could be maintained and that there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of Shares in the open market without exerting a downward pressure on the Share price and accordingly, the market trading price of the Shares may not reflect the proceeds that the Independent Shareholders can receive by the disposal of their Shares in the open market. We, therefore, consider that the Share Offer provide the Shareholders with an assured exit if they wish to realize their investments in the Shares.

4) Comparable Analysis

As discussed earlier in the section headed "Information and historical financial performance of the Group", the Group is principally engaged in property development, property investment and trading, property development management, hotel operations and securities trading and investment. The revenue generated from each of the operating segments being securities trading and investments, property investment and management in the USA by AHR and GMR, property investment other than AHR and GMR, and hotel operations accounted for approximately 10.5%, 50.1%, 28.0% and 11.0% of the total revenue of the Group for the year ended 31 March 2015 respectively. As such, the revenue from the two property investment segments accounted for approximately 78.1% of the Group's total revenue for the year ended 31 March 2015.

In order to assess the fairness of the Share Offer Price, we have adopted the price-to-book ratio ("**PB Ratio(s)**") analysis as the value of property investment companies lie in the underlying assets rather than the profits which may be fluctuated widely by the timing of the sales of investment properties. In selecting comparable of the Company for our comparable analysis, we have taken into consideration that (i) the proportion of revenue from the two property investment segments to the Group's total revenue is showing an increasing trend from approximately 38.4%, 58.4% to 78.1% for the year ended 31 March 2013, 2014 and 2015 respectively; (ii) the proportion of assets from investment properties and investment properties classified as held for sale to the Group's total assets is showing an increasing trend from approximately 53.3%, 65.6% to 80.8% as at 31 March 2013, 2014 and 2015 respectively; and (iii) the Offeror intends to maintain the principal business of the Group in the property related business, we consider that it is fair to use property investment companies as comparable of the Company.

In addition, the revenue from the two property investment segments were much greater than that from the securities trading and investment segment for the three financial years ended 31 March 2015, and the segment profits of property investment and trading were greater than that of securities trading and investment except for the year ended 31 March 2015, we consider that the change in the total revenue and total segment profits of the Group are more sensitive to the change in revenue and profits of property investment and trading segments for the three years ended 31 March 2015. As such, we do not consider securities trading and investment segment as a benchmark to our selection of market comparable.

We have identified the following 22 companies ("**Comparable Companies**") listed on the Main Board of the Stock Exchange which (i) are principally engaged in property investment and trading, without REIT operations; (ii) are classified as in the property investment industry on the website of the Stock Exchange; and (iii) have a market capitalization within the range of HK$664 million to HK$1,994 million as at the Last Trading Day, which was the range of approximately 0.5 to 1.5 times the market capitalization of the Company of approximately HK$1,329 million as at the Last Trading Day. We considered the upswing of the closing price of the Shares after the issue of the Joint Announcement is likely to be attributable to the market reaction and speculation on the Group's prospect as a result of change in control, and the sustainability of the current price level is uncertain. Therefore, the current market capitalization may not reflect the general business performance and value of the Company. The list of Comparable Companies presented below is an exhaustive list according to the website of the Stock Exchange and Bloomberg based on the above criteria. We consider the above selection criteria represent an approach to identify the Comparable Companies which are engaged in businesses and sizes that are similar to that of the Group.

Stock code	Company Name	Share price as at the Last Trading Day	Share price as at the Latest Practicable Date	Market capitalization as at the Last Trading Day	Market capitalization as at the Latest Practicable Date	Net assets attributable to shareholders as at the Last Trading Day	Net assets attributable to shareholders as at the Latest Practicable Date	PB Ratio as at the Last Trading Day	PB Ratio as at the Latest Practicable Date
		(note 1)	*(note 1)*	*(note 1)*	*(note 1)*	*(note 1)*	*(note 1)*	*(note 2)*	*(note 2)*
		HK$	*HK$*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*		
0600	China Infrastructure Investment Ltd.	0.163	0.169	696	722	912	912	0.76	0.79
0029	Dynamic Holdings Ltd.	3.44	3.30	755	724	1,933	1,933	0.39	0.37
0668	Dowell Property Holdings Ltd.	0.60	0.69	764	879	795	795	0.96	1.11
0216	Chinney Investments, Ltd.	1.47	1.85	811	1,020	3,733	4,936	0.22	0.21
0456	New City Development Group Ltd.	0.33	0. 38	840	967	442	442	1.90	2.19
0278	Wah Ha Realty Co., Ltd.	6.95	7.15	841	865	1,151	1,115	0.73	0.78
0499	Qingdao Holdings International Ltd.	2.15	2.17	1,073	1,083	242	256	4.43	4.23
0108	GR Properties Ltd.	2.05	1.90	1,082	1,003	139	139	7.78	7.22
0736	China Properties Investment Holdings Ltd.	0.73	2.04	1,101	8,239	496*	482*	2.22	17.09
0089	Tai Sang Land Development Ltd.	4.06	4.30	1,168	1,237	5,618	5,618	0.21	0.22
2183	Lifestyle Properties Development Ltd.	2.88	2.54	1,207	1,066	1,693	1,693	0.71	0.63
0613	Yugang International Ltd.	0.134	0.112	1,247	1,042	2,640	2,640	0.47	0.39
0225	Pokfulam Development Co., Ltd.	12.50	13.24	1,377	1,459	4,247	4,355	0.32	0.34
0093	Termbray Industries International (Holdings) Ltd.	0.71	0.72	1,390	1,410	1,262	1,113	1.10	1.27
0224	Pioneer Global Group Ltd.	1.28	1.53	1,477	1,766	4,277	4,827	0.35	0.37
0859	Henry Group Holdings Ltd.	1.70	1.54	1,616	1,475	2,113	2,619	0.76	0.56
0214	Asia Orient Holdings Ltd.	2.02	1.87	1,639	1,517	9,663	9,823	0.17	0.15
0237	Safety Godown Co., Ltd.	12.16	15.38	1,642	2,076	3,182	3,587	0.52	0.58
0212	Nanyang Holdings Ltd.	46.75	48.90	1,648	1,724	3,676	3,676	0.45	0.47

Stock code	Company Name	Share price as at the Last Trading Day	Share price as at the Latest Practicable Date	Market capitalization as at the Last Trading Day	Market capitalization as at the Latest Practicable Date	Net assets attributable to shareholders as at the Last Trading Day	Net assets attributable to shareholders as at the Latest Practicable Date	PB Ratio as at the Last Trading Day	PB Ratio as at the Latest Practicable Date
		(note 1)	*(note 1)*	*(note 1)*	*(note 1)*	*(note 1)*	*(note 1)*	*(note 2)*	*(note 2)*
		HK$	*HK$*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*		
0277	Tern Properties Co., Ltd.	5.50	5.50	1,693	1,693	3,614	3,752	0.47	0.38
0898	Multifield International Holdings Ltd.	0.41	0.41	1,714	1,714	4,814	4,814	0.36	0.36
1036	Vanke Property (Overseas) Ltd.	7.12	8.24	1,849	2,140	1,552	1,552	1.19	1.38
							Maximum	**7.78**	**17.09**
							Minimum	**0.17**	**0.15**
							Average	**1.20**	**1.87**
	The Company	**0.3305**		**1,329**	**1,332**	**843**	**747**	**1.58**	**1.78**
		(note 3)		*(note 4)*	*(note 4)*	*(note 5)*	*(note 5)*	*(note 5)*	*(note 5)*

* *RMB/HKD exchange rate at 1/1.25*

Notes:

(1) The closing share prices of the Comparable Companies as at the Last Trading Day and the Latest Practicable Date are sourced from the website of the Stock Exchange. The market capitalizations of the Comparable Companies are calculated based on their closing share prices and number of issued shares, as at the Last Trading Day and the Latest Practicable Date respectively. The number of issued shares and the consolidated net asset value attributable to shareholders of the Comparable Companies are extracted from their latest annual/interim reports/announcements/monthly returns, as at the Last Trading Day and the Latest Practicable Date respectively.

(2) The PB Ratios of the Comparable Companies are calculated based on their market capitalization and the latest published consolidated net asset value attributable to shareholders, as at the Last Trading Day and the Latest Practicable Date respectively.

(3) The Share Offer Price of HK$0.3305.

(4) We have taken the Share Offer Price, and the issued share capital of the Company of 4,021,222,889 Shares and 4,031,419,969 Shares as at the Last Trading Day and the Latest Practicable Date respectively for the purpose of determining the theoretical market capitalization of the Company as at the Last Trading Day and the Latest Practicable Date respectively.

(5) The PB Ratio of the Company is calculated based on the implied market capitalization of the Company pursuant to the Share Offer Price of HK$0.3305 and its latest published net asset value attributable to owners of the Company, as at the Last Trading Day and the Latest Practicable Date respectively.

As shown from the above table, the PB Ratios of the Comparable Companies as at the Last Trading Day ranged from approximately 0.17 times to approximately 7.78 times, with an average of approximately 1.20 times. The PB Ratios of the Comparable Companies as at the Latest Practicable Date ranged from approximately 0.15 times to approximately 17.09 times, with an average of approximately 1.87 times. The PB Ratio of the Company as at the Last Trading Day calculated based on the theoretical market capitalization represented by the Share Offer Price was approximately 1.58 times, which was higher than the average of the PB Ratios of the Comparable Companies as at the Last Trading Day of approximately 1.20 times. The PB Ratio of the Company as at the Latest Practicable Date calculated based on the theoretical market capitalization represented by the Share Offer Price was approximately 1.78 times, which was lower than the average of the PB Ratios of the Comparable Companies as at the Latest Practicable Date of approximately 1.87 times.

Among the Comparable Companies, Qingdao Holdings International Ltd. ("**Qingdao Holdings**") was subject to a general offer following a change in control in September 2014. We noted that the closing prices of the shares of Qingdao Holdings have surged after the issue of the joint announcement regarding, among other things, the general offer. Meanwhile, GR Properties Ltd. ("**GR Properties**") had entered into a subscription agreement with an independent third party on 29 October 2013 for the subscription of new shares of GR Properties followed by a change in Controlling Shareholders of GR Properties. We noted that the share base of GR Properties had substantially increased after the completion of the share subscription. As such, Qingdao Holdings and GR Properties have resulted in an exceptionally high PB Ratio of approximately 4.43 times and 7.78 times respectively as at the Last Trading Day as compared with that of the other Comparable Companies as at the Last Trading Day. If the PB Ratios of Qingdao Holdings and GR Properties are excluded, the PB Ratios of the remaining 20 Comparable Companies would range from approximately 0.17 times to approximately 2.17 times with an average of approximately 0.71 times as at the Last Trading Day. The PB Ratio of the Company calculated based on the theoretical market capitalization represented by the Share Offer Price of approximately 1.58 times as at the Last Trading Day is higher than the average of the PB Ratios of the Comparable Companies as at the Last Trading Day.

Furthermore, New City Development Group Ltd. ("**New City**") issued an announcement regarding, inter alia, an open offer on 3 June 2015. The closing prices of the shares of New City have increased significantly since then. Therefore, New City has resulted in an exceptionally high PB Ratio of approximately 2.19 times as at the Latest Practicable Date when compared with that of the other Comparable Companies as at the Latest Practicable Date. On the other hand, China Properties Investment Holdings Limited ("**China Properties**") had entered into a subscription agreement on 4 June 2015 for the subscription of new shares of China Properties followed by a change in Controlling Shareholders of China Properties. The closing prices of the shares of China Properties have increased significantly since then. Therefore, China Properties has resulted in an exceptionally high PB Ratio of approximately 17.09 times as at the Latest Practicable Date when compared with that of the other Comparable Companies as at the Latest Practicable Date. If the PB Ratios of Qingdao Holdings, GR Properties, New City and China Properties are excluded, the PB Ratios of the remaining 18 Comparable Companies would range from approximately 0.15 times to approximately 1.38 times with an average of approximately 0.58 times as at the Latest Practicable Date. The PB Ratio of the Company calculated based on the theoretical market capitalization represented by the Share Offer Price of approximately 1.78 times as at the Latest Practicable Date is higher than the average of the PB Ratios of the Comparable Companies as at the Latest Practicable Date.

Having considered that the PB Ratio of the Company calculated based on the theoretical market capitalization represented by the Share Offer Price of approximately

1.58 times as at the Last Trading Day was higher than the average of the PB Ratios of the Comparable Companies (excluding outliers) of approximately 0.71 times as at the Last Trading Day, and the PB Ratio of the Company calculated based on the theoretical market capitalization represented by the Share Offer Price of approximately 1.78 times as at the Latest Practicable Date was higher than the average of the PB Ratios of the Comparable Companies (excluding outliers) of approximately 0.58 times the Latest Practicable Date, we consider the Share Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

Information on the Offeror

The Offeror is an investment holding company incorporated in the BVI with limited liability on 18 April 2011. The Offeror is wholly and ultimately owned by Ms. Huang Yanping. Ms. Huang, age 53, is the sole shareholder and sole director of the Offeror. Ms. Huang has over 15 years' experience in the property development and investment industry in the PRC. Ms. Huang has been involved in the development of not less than 36 property development projects in Henan, Shandong and Hainan province in China with a total gross floor area of not less than 14 million square meters. She is one of the founders of a real estate company which has become one of the top 100 property development companies in China.

Ms. Huang holds an associate's degree in industrial and economics management from Henan Agricultural University.

Intention of the Offeror regarding the Group

The Offeror intends to maintain the principal business of the Group in the property related business and will explore suitable investment, expansion and financing and fundraising opportunity for bringing returns for all shareholders. In particular, the Offeror intends to analyze feasibility of expanding the Group's business into China. Subject to the future business development plan and the market conditions, the Offeror intends to provide personnel, technology, financial and other resources to support the Group's existing or new development plan.

As at the date of this Composite Document, the Offeror has yet to formulate substantial plan or timetable in relation to the investment or fund raising proposals referred to above.

The Offeror nominated one new director to the Board with effect from a date no earlier than the date of this Composite Document or at a date as permitted under the Takeovers Code. The Offeror intends to nominate three additional new directors to the Board as and when the Chan Family Members resign as directors of the Company in compliance with the Listing Rules and the Company's Articles of Association. The Offeror also intends to nominate new senior management members to the Company, its subsidiaries and associate companies. Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement will be made as and when appropriate.

The Vendors and the Guarantor have undertaken to procure the resignation of each of the Chan Family Members as a director of the Company and all the directors and the secretary of each of the subsidiaries and associates of the Company. The Vendors and the Guarantor have also undertaken to procure the resignation of each of the Chan Family Members from all executive and/or management positions with the Company, its subsidiaries and associate companies with the exception that the Guarantor shall remain as a senior management member of three Group Companies, namely Inter-American Group Holdings Inc., AHR and GMR, with each such resignation taking effect from the earliest date on which the relevant director of the Company may resign under the Listing Rules, the Takeovers Code and any other applicable law. There are no agreements or arrangements entered into and no discussions that have taken place as to any variation or amendment to the Guarantor's existing terms of employment including his remuneration as an employee of the foregoing three Group Companies, namely Inter-American Group Holdings Inc., AHR and GMR.

With effect from Share Sale Completion, subject to the arrangements above in respect of the Guarantor, each of the Chan Family Members shall forego all remuneration or benefits from any Group Company whether in his/her capacity as a director or as an employee. For the avoidance of doubt, such foregoing undertaking does not extinguish any outstanding rights to remuneration or benefits accrued by any Chan Family Member on or prior to the Completion Date.

RECOMMENDATION

Having considered the principal factors and reasons discussed above, in particular:

i) the section headed "Information and historical performance of the Group" where (i) the Group's overall financial performance recorded losses in financial years 2014 and 2015; (ii) the liabilities of the Group surged by approximately HK$157.0 million from financial year 2014 to 2015 primarily due to the acquisitions of SFRs under AHR and medical facilities under GMR in the U.S.; and (iii) no dividend has been declared in recent three financial years, the Share Offer represents an opportunity for the Shareholders to realize their investment in the Company;

ii) the section headed "Future prospects and outlook of the Group" where the Group (i) may be benefited from the current property related businesses in Hong Kong and the U.S.; (ii) may be benefited from the possible property investments in the PRC in the future; and (iii) may be benefited from the securities trading and investments in Hong Kong, even though the outlook of the above markets are positive, the Group still recorded an overall losses attributable to owners of the Company for the year ended 31 March 2014 and 2015. In view of the above, it is of our concern whether the Group could improve its profitability in the future;

iii) the section headed "Historical Share price performance and trading liquidity" where the closing Share prices were trading below the Share Offer Price for 177 out of 283 trading days during the Review Period and the historical average daily trading volume of the Shares was thin over the same period;

iv) the section headed "Comparable Analysis" where the PB Ratio of the Company calculated based on the theoretical market capitalization represented by the Share Offer Price of approximately 1.58 as at the Last Trading Day times was higher than the average of the PB Ratios of the Comparable Companies (excluding outliers) of approximately 0.71 times as at the Last Trading Day, and the PB Ratio of the Company calculated based on the theoretical market capitalization represented by the Share Offer Price of approximately 1.78 times as at the Latest Practicable Date was higher than the average of the PB Ratios of the Comparable Companies (excluding outliers) of approximately 0.58 times the Latest Practicable Date; and

v) the sole shareholder and sole director of the Offeror, Ms. Huang, has extensive experience in property investment businesses in the PRC for over 15 years. However, the Offeror has yet to formulate substantial business plan for the Group as at the date of this Composite Document, it is uncertain to the Company's success as it depends on whether Ms. Huang and her management team would formulate a business plan to capture potential opportunities in property investment businesses in the PRC and to improve profitability of the Group in the future,

we are of the opinion that the terms of the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Share Offer. However, Independent Shareholders who wish to realize whole or part of their Shares are reminded that they should carefully and closely monitor the market price of the Shares during the Offer Period and consider selling their Shares in the open market during the Offer Period, rather than accepting the Share Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net amount receivable under the Share Offer.

In addition, the Independent Shareholders who wish to realize their investments in the Company in the open market should also consider and monitor the trading volume of the Shares during the Offer Period as, having taken into account the low historical trading volume of the Shares on the Stock Exchange as discussed in the sections headed "Historical Share price performance and trading liquidity", they may experience difficulty in disposing of the Shares (or new Shares issued from exercising the Options) in the open market without creating downward pressure on the price of the Shares.

As each Independent Shareholder would have different investment objectives and/or circumstances, we would recommend the Independent Shareholders who may require advice in relation to any aspect of this Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser. Furthermore, they should carefully read the procedures for accepting the Share Offer as set out in this Composite Document, its appendices and the accompanying Form of Acceptance.

Yours faithfully,
For and on behalf of
V BARON GLOBAL FINANCIAL SERVICES LIMITED

Ernest Lam	**Anthony Ng**
Managing Director	*Managing Director*

Mr. Ernest Lam is a licensed person and responsible officer of V Baron Global Financial Services Limited registered with the SFC to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and has over 14 years of experience in corporate finance industry

Mr. Anthony Ng is a licensed person and responsible officer of V Baron Global Financial Services Limited registered with the SFC to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and has over 15 years of experience in corporate finance industry

1. GENERAL PROCEDURES FOR ACCEPTANCE OF THE SHARE OFFER

To accept the Share Offer, you should complete and sign the accompanying Form of Acceptance and Transfer in accordance with the instructions printed thereon, which instructions form part of the terms of the Share Offer.

(a) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in your name, and you wish to accept the Share Offer, you must send the duly completed Form of Acceptance and Transfer for Share Offer together with the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by post or by hand, to the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in an envelope marked "Heng Feng Enterprises Offers" in any event not later than 4:00 p.m., on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

(b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your Shares, you must either:

(i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the duly completed Form of Acceptance and Transfer for Share Offer together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and send the duly completed Form of Acceptance and Transfer for Share Offer together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorize HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited (which is normally one Business Day before the latest date on which acceptances of the Share Offer must be received by the Registrar). In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited (which is normally one Business Day before the latest date on which acceptances of the Share Offer must be received by the Registrar).

(c) If the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Share Offer in respect of your Shares, the Form of Acceptance and Transfer for Share Offer should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

(d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete the Form of Acceptance and Transfer for Share Offer and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to Alliance Capital and/or the Offeror or their respective agent(s) to collect from the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Share Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance and Transfer for Share Offer.

(e) Acceptance of the Share Offer will be treated as valid only if the completed Form of Acceptance and Transfer for Share Offer is received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive in accordance with the Takeovers Code and the Registrar has recorded that the acceptance and the relevant documents as required under this paragraph have been so received, and is:

(i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if the Share certificate(s) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under another subparagraph of this paragraph (e); or

(iii) certified by the Registrar or the Stock Exchange.

(f) If the Form of Acceptance and Transfer for Share Offer is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

(g) In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Share Offer will be payable by relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to such Independent Shareholder on acceptance of the Share Offer (where the stamp duty calculated includes a fraction of HK$1, the stamp duty would be rounded-up to the nearest HK$1). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Independent Shareholders accepting the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Share Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

(h) No acknowledgement of receipt of any Form of Acceptance and Transfer for Share Offer, Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. ACCEPTANCE PERIOD AND REVISIONS

(a) Unless the Share Offer has previously been revised or extended, with the consent of the Executive, in accordance with the Takeovers Code, the relevant Form of Acceptance and Transfer must be received by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the relevant Form of Acceptance and Transfer, and the Share Offer will be closed on the Closing Date.

(b) The Offeror and the Company will jointly issue an announcement through the website of the Stock Exchange no later than 7:00 p.m. on the Closing Date stating whether the Share Offer have been extended, revised or has closed for acceptance.

(c) In the event that the Offeror decides to extend the Share Offer, at least 14 days' notice by way of announcement will be given, before the latest time and date for acceptance of the Share Offer, to those Independent Shareholders who have not accepted the Share Offer.

(d) If the Offeror revises the terms of the Share Offer, all Independent Shareholders, whether or not they have already accepted the Share Offer will be entitled to the revised terms. The revised Share Offer must be kept open for at least 14 days following the date on which the revised offer document is posted.

(e) If the closing date of the Share Offer is extended, any reference in this Composite Document and in the relevant Form of Acceptance and Transfer to the closing date shall, except where the context otherwise requires be deemed to refer to the closing date of the Share Offer so extended.

3. ANNOUNCEMENT

(a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Share Offer. The Offeror must publish an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating whether the Share Offer have been extended, revised or has closed for acceptance.

Such announcement must state the following:

(i) the total number of Shares and rights over Shares for which acceptances of the Share Offer have been received;

(ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror or its concert parties before the Offer Period;

(iii) the total number of Shares and rights over Shares acquired or agreed to be acquired by the Offeror or its concert parties during the Offer Period;

(iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any parties acting in concert with it has borrowed or lent, save for any borrowed securities which have been either on-lent or sold; and

(v) the percentages of the relevant classes of share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

(b) In computing the total number of Shares represented by acceptances, only valid acceptances in complete and good order and in compliance with Note 1 to Rule 30.2 of the Takeovers Code, which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Share Offer, shall be included.

4. RIGHT OF WITHDRAWAL

(a) Acceptance of the Share Offer tendered by the Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in subparagraph (b) below.

(b) If the Offeror is unable to comply with the requirements set out in paragraph 3 of this Appendix headed "Announcement" above, the Executive may require pursuant to Rule 19.2 of the Takeovers Code that the Independent Shareholders who have tendered acceptance to the Share Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirement of Rule 19 of the Takeovers Code can be met.

In such case, when the Independent Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title of Shares (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the relevant Form of Acceptance and Transfer to the relevant Independent Shareholder(s).

5. SETTLEMENT OF THE SHARE OFFER

Provided that the accompanying Form of Acceptance and Transfer, together with the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title or Shares (and/or any satisfactory indemnity or indemnities required in respect thereof) are valid, complete and in good order and have been received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, a cheque for the amount due to each of the accepting Independent Shareholders in respect of the Shares tendered under the Share Offer (less seller's ad valorem stamp duty payable by them, as the case maybe) will be despatched to the accepting Independent Shareholders by ordinary post at their own risk within 7 Business Days after the date of receipt of all relevant documents which render such acceptance complete and valid by the Registrar in compliance with Note 1 to Rule 30.2 of the Takeovers Code.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Share Offer will be paid by the Offeror in full in accordance with the terms of the Share Offer (save with respect of the payment of seller 's ad valorem stamp duty) set out in this Composite Document (including this Appendix) and the accompanying Form of Acceptance and Transfer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholder.

No fraction of a cent will be payable and the amount of consideration payable to an Independent Shareholder who accepts the Share Offer will be rounded up to the nearest cent.

6. OVERSEAS SHAREHOLDERS

The Offeror intends to make the Share Offer available to all Shareholders, including the Overseas Shareholders. However, the Share Offer is in respect of securities of a company incorporated in Hong Kong and is subject to the procedural and disclosure requirements of Hong Kong which may be different from other jurisdictions. The Overseas Shareholders who wish to participate in the Share Offer but with a registered address outside Hong Kong are subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Share Offer. The Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the Share Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Share Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

7. TAX IMPLICATIONS

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Share Offer. It is emphasised that none of the Offeror, the Company and their ultimate beneficial owners and parties acting in concert with any of them, Alliance Capital, the Independent Financial Adviser, the Registrar or any of their respective directors or any persons involved in the Share Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Share Offer.

8. GENERAL

(a) All communications, notices, Form of Acceptance and Transfer, certificates, transfer receipts and other documents of title or of indemnity or of any other nature to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, at their own risk, and none of the Offeror, the Company and their ultimate beneficial owners and parties acting in concert with any of them, Alliance Capital, the Independent Financial Adviser, the Registrar or any of their respective directors or any persons involved in the Share Offer accepts any liability for any loss or any other liabilities whatsoever which may arise as a result.

(b) Acceptance of the Share Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror that the Shares tendered under the Share Offer are sold by such person or persons free from all liens, charges, claims, equities, Encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the rights to receive dividends if any, declared, made or paid by the Company on the posting of this Composite Document.

(c) Acceptance of the Share Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which it is indicated in the relevant Form of Acceptance and Transfer the aggregate number of Shares held by such nominee for such beneficial owners who accept the Share Offer.

(d) The provisions set out in the accompanying Form of Acceptance and Transfer form part of the terms of the Share Offer.

(e) The accidental omission to despatch this Composite Document and/or the accompanying Form of Acceptance and Transfer and transfer or either of them to any person to whom the Share Offer is made shall not invalidate the Share Offer in any way.

(f) The Share Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

(g) Due execution of Form of Acceptance and Transfer in compliance with Note 1 to Rule 30.2 of the Takeovers Code, will constitute an authority to the Offeror or its agents to complete and execute on behalf of the person accepting the Share Offer, and to do any other act that may be necessary or expedient for the purpose of vesting in the Offeror, or such other person as it may direct.

(h) The Share Offer is made in accordance with the Takeovers Code.

(i) In making their decision, Independent Shareholders must rely on their own examination of the Group and the terms of the Share Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance and Transfer, shall not be construed as any legal or business advice on the part of the Offeror, the Company, Alliance Capital, the Independent Financial Adviser or their respective professional advisers. Independent Shareholders should consult their own professional advisers for professional advice.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the financial information of the Group for each of the three years ended 31 March, 2013, 2014 and 2015, which is extracted from the audited and consolidated financial statements of the Group as set forth in the annual reports of the Company for each of the two years ended 31 March, 2013 and 2014 and the audited annual results announcement for the year ended 31 March, 2015 which has been released on 26 June, 2015.

The consolidated financial statements of the Group for each of the two years ended 31 March, 2013 and 2014 were audited by ZHONGLEI (HK) CPA Company Limited and the consolidated financial statements of the Group for the year ended 31 March, 2015 were audited by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, and each did not contain any qualifications. For each of the three years ended 31 March, 2013, 2014 and 2015, no dividend was declared or paid by the Company and no amount was absorbed by dividends. The Group had no exceptional items because of size, nature or incidence for each of the three years ended 31 March, 2013, 2014 and 2015.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Year ended 31 March		
	2015	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	60,661	32,483	56,634
Cost of sales	(15,343)	(13,532)	(5,957)
Gross profit	45,318	18,951	50,677
Other income	2,631	1,655	4,658
Increase (decrease) in fair value of financial assets at fair value through profit or loss	10,764	(7,225)	10,727
Increase in fair value of investment properties	6,996	4,590	37,393
Loss arising from acquisition of subsidiaries	–	(4,410)	–
Loss on disposal of investment properties	–	–	(4,325)
Impairment loss recognised in respect of goodwill	–	(10,544)	–
Impairment loss recognised in respect of available-for-sale financial assets	(616)	–	–
Impairment loss recognised in respect of other receivables	(1,721)	–	–
Gain on disposal of subsidiaries	–	34,630	–
Gain on deemed disposal of subsidiaries	–	–	44,962
Gain on disposal of an associate	–	–	27,670
Bad debts written-off in respect of trade and other receivables	(851)	(1,509)	–
Loss on disposal of property, plant and equipment	(10)	(30)	–
Exchange loss, net	(2,674)	(3,945)	
Administrative expenses	(99,417)	(69,513)	(139,254)
Finance costs	(10,248)	(4,651)	(22,576)
Share of results of an associate	(1,288)	(222)	(154)
Share of loss of a joint venture	(209)	–	–
(Loss) profit before income tax	(51,325)	(42,223)	9,778
Income tax (expense) credit	(4,005)	113	20,226
(Loss) profit for the year	(55,330)	(42,110)	30,004

	Year ended 31 March		
	2015	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Other comprehensive expenses			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations	(46,340)	(15,963)	(4,408)
Release of translation reserve on disposal of subsidiaries	–	(31,461)	–
Release of translation reserve on deemed disposal of subsidiaries	–	–	(8,630)
Other comprehensive expense for the year	(46,340)	(47,424)	(13,038)
Total comprehensive (expense) income for the year	(101,670)	(89,534)	16,966
(Loss) profit for the year attributable to:			
Owners of the Company	(54,920)	(43,503)	33,375
Non-controlling interests	(410)	1,393	(3,371)
(Loss) profit for the year	(55,330)	(42,110)	30,004
(Loss) earnings per share		(restated)	(restated)
Basic	(1.42) cents	(1.14) cents	0.93 cents
Diluted	(1.42) cents	(1.14) cents	0.91 cents

2. AUDITED CONSOLIDATED FINANCIAL STATEMENT

The following is the full text of the audited consolidated financial statements of the Group for the year ended 31 March, 2014 as extracted from the annual report of the Company for the year ended 31 March, 2014.

Consolidated Statement of Profit or Loss
For the year ended 31 March 2014

	Notes	**2014** *HK$'000*	**2013** *HK$'000*
Turnover – gross proceeds	6	205,762	105,130
Revenue	7	35,592	56,634
Cost of sales		(1,745)	(5,957)
Gross profit		33,847	50,677
Other operating income	6	1,655	4,658
Fair value (loss) gain on financial assets at fair value through profit or loss		(10,334)	10,727
Fair value gain on revaluation of investment properties, net	19	4,590	37,393
Loss on disposal of investment properties		–	(4,325)
Impairment loss recognised in respect of goodwill	23	(14,954)	–
Administrative expenses		(86,784)	(139,254)
Gain on disposal of subsidiaries	47	34,630	–
Gain on deemed disposal of subsidiaries	46	–	44,962
Gain on disposal of an associate	21	–	27,670
(Loss) profit from operations		(37,350)	32,508
Finance costs	8	(4,651)	(22,576)
Share of results of an associate		(222)	(154)
(Loss) profit before income tax		(42,223)	9,778
Income tax credits	9	113	20,226
(Loss) profit for the year	10	(42,110)	30,004
(Loss) profit for the year attributable to:			
Owners of the Company	11	(43,503)	33,375
Non-controlling interests		1,393	(3,371)
		(42,110)	30,004
(Loss) earnings per share	12		
Basic		(1.21 cents)	0.99 cents
Diluted		N/A	0.96 cents

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 March 2014

	Notes	**2014** *HK$'000*	**2013** *HK$'000*
(Loss) profit for the year		(42,110)	30,004
Other comprehensive expenses			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		(15,963)	(4,408)
Release of translation reserve on disposal of subsidiaries	*47*	(31,461)	–
Release of translation reserve on deemed disposal of subsidiaries	*46*	–	(8,630)
Other comprehensive expense for the year		(47,424)	(13,038)
Total comprehensive (expense) income for the year		(89,534)	16,966
Total comprehensive (expense) income attributable to:			
Owners of the Company		(89,168)	22,172
Non-controlling interests		(366)	(5,206)
		(89,534)	16,966

Statements of Financial Position
At 31 March 2014

		Group		Company	
		2014	**2013**	**2014**	**2013**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	*17*	14,903	14,786	610	756
Prepaid lease payments	*18*	20,999	21,476	–	–
Investment properties	*19*	711,914	626,413	2,400	1,800
Interests in subsidiaries	*20*	–	–	8,907	4,647
Interest in an associate	*21*	3,120	2,873	–	–
Available-for-sale financial assets	*22*	3,334	2,089	–	–
Goodwill	*23*	–	10,544	–	–
Pledged bank deposits	*25*	4,738	6,714	–	–
		759,008	684,895	11,917	7,203
Current assets					
Inventories	*26*	215	181	–	–
Properties under development for sale	*27*	–	–	–	–
Trade and other receivables, deposits and prepayments	*29*	49,425	77,496	10,055	1,121
Loan receivables	*24*	612	612	–	–
Financial assets at fair value through profit or loss	*30*	126,350	59,055	72,445	18,307
Amounts due from subsidiaries	*20*	–	–	630,762	621,401
Pledged bank deposits	*25*	49,535	–	47,680	–
Bank balances and cash	*25*	102,732	353,385	45,612	191,471
		328,869	490,729	806,554	832,300
Assets held for sale	*28*	6,450	–	–	–
		335,319	490,729	806,554	832,300

		Group		Company	
		2014	2013	2014	2013
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current liabilities					
Trade and other payables and accruals	*31*	8,887	8,906	1,862	3,253
Bank overdraft	*25*	–	342	–	182
Borrowings – current portion	*32*	101,716	89,528	47,680	–
Obligations under a finance lease – current portion	*33*	103	–	–	–
Tax payables		481	1,961	–	–
Amounts due to subsidiaries	*20*	–	–	387,633	398,631
Amount due to a director	*34*	61,165	7,520	61,165	7,520
Non-convertible bonds	*36*	–	105,633	–	105,633
		172,352	213,890	498,340	515,219
Net current assets		162,967	276,839	308,214	317,081
Total assets less current liabilities		921,975	961,734	320,131	324,284
Non-current liabilities					
Borrowings – non-current portion	*32*	99,590	61,986	–	–
Obligations under a finance lease – non-current portion	*33*	345	–	–	–
Deferred taxation	*37*	270	–	–	–
		100,205	61,986	–	–
Net assets		821,770	899,748	320,131	324,284
CAPITAL AND RESERVES					
Share capital	*39*	970,951	35,281	970,951	35,281
Reserves	*41*	(144,153)	869,115	(650,820)	289,003
Equity attributable to owners of the Company		826,798	904,396	320,131	324,284
Non-controlling interests		(5,028)	(4,648)	–	–
Total equity		821,770	899,748	320,131	324,284

Consolidated Statement of Changes in Equity
For the year ended 31 March 2014

	Equity attributable to owners of the Company											
	Share capital *HK$'000*	Share premium *HK$'000*	Convertible preference shares *HK$'000*	Assets revaluation reserve *HK$'000*	Other reserve *HK$'000*	Translation reserve *HK$'000*	Share-based compensation reserve *HK$'000*	Convertible bonds reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 April 2012	30,970	853,225	–	11,062	(3,874)	91,042	18,797	190	(181,372)	820,040	105,308	925,348
Profit (loss) for the year	–	–	–	–	–	–	–	–	33,375	33,375	(3,371)	30,004
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(2,573)	–	–	–	(2,573)	(1,835)	(4,408)
Release of translation reserve on deemed disposal of subsidiaries *(Note 46)*	–	–	–	–	–	(8,630)	–	–	–	(8,630)	–	(8,630)
Other comprehensive expenses for the year	–	–	–	–	–	(11,203)	–	–	–	(11,203)	(1,835)	(13,038)
Total comprehensive (expenses) income for the year	–	–	–	–	–	(11,203)	–	–	33,375	22,172	(5,206)	16,966
Transfer of reserves upon cancellation of share options *(Note 40)*	–	–	–	–	–	–	(621)	–	621	–	–	–
Issue of shares upon exercise of share options *(Note 40)*	4,311	70,507	–	–	–	–	(16,584)	–	–	58,234	–	58,234
Release upon disposal of investment properties	–	–	–	(11,062)	–	–	–	–	11,062	–	–	–
Share-based compensation expense recognised	–	–	–	–	–	–	266	–	–	266	–	266
Disposals of interests of subsidiaries without loss of control *(Note 50a)*	–	–	–	–	25,263	–	–	–	–	25,263	51,297	76,560
Conversion of convertible bonds of SingHaiyi Group Ltd. ("SingHaiyi") by the Group and non-controlling interests *(Note 50b)*	–	–	–	–	15,493	–	–	(71)	–	15,422	(15,294)	128
Placing shares by SingHaiyi *(Note 50c)*	–	–	–	–	2,529	–	–	–	–	2,529	28,680	31,209
Issue of convertible preference shares by SingHaiyi *(Note 46)*	–	–	596,419	–	–	–	–	–	–	596,419	–	596,419
Conversion of convertible preference shares by non-controlling interests and the Group *(Note 46)*	–	–	(596,419)	–	–	–	–	–	–	(596,419)	596,419	–
Deemed disposals of subsidiaries *(Note 46)*	–	–	–	–	(39,411)	–	–	(119)	–	(39,530)	(765,852)	(805,382)
At 31 March 2013	35,281	923,732	–	–	–	79,839	1,858	–	(136,314)	904,396	(4,648)	899,748

	Equity attributable to owners of the Company											
	Share capital	Share premium	Convertible preference shares	Assets revaluation reserve	Other reserve	Translation reserve	Share-based compen-sation reserve	Convertible bonds reserve	Accumu-lated losses	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2013	35,281	923,732	-	-	-	79,839	1,858	-	(136,314)	904,396	(4,648)	899,748
(Loss) profit for the year	-	-	-	-	-	-	-	-	(43,503)	(43,503)	1,393	(42,110)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(14,204)	-	-	-	(14,204)	(1,759)	(15,963)
Release of translation reserve on disposal of subsidiaries *(Note 47)*	-	-	-	-	-	(31,461)	-	-	-	(31,461)	-	(31,461)
Other comprehensive expense for the year	-	-	-	-	-	(45,665)	-	-	-	(45,665)	(1,759)	(47,424)
Total comprehensive expense for the year	-	-	-	-	-	(45,665)	-	-	(43,503)	(89,168)	(366)	(89,534)
Transfer of reserves upon expiry of share options *(Note 40)*	-	-	-	-	-	-	(1,490)	-	1,490	-	-	-
Issue of share upon exercise of share options *(Note 40)*	746	11,192	-	-	-	-	(368)	-	-	11,570	-	11,570
Acquisition of subsidiaries *(Note 48)*	-	-	-	-	-	-	-	-	-	-	(17)	(17)
Disposal of subsidiaries *(Note 47)*	-	-	-	-	-	-	-	-	-	-	3	3
Transfer upon abolition of par value under new Hong Kong Companies Ordinance effective on 3 March 2014	934,924	(934,924)	-	-	-	-	-	-	-	-	-	-
At 31 March 2014	970,951	-	-	-	-	34,174	-	-	(178,327)	826,798	(5,028)	821,770

Consolidated Statement of Cash Flows
For the year ended 31 March 2014

	2014 HK$'000	2013 HK$'000
Operating activities		
(Loss) profit before income tax	(42,223)	9,778
Adjustments for:		
Fair value gain on revaluation of investment properties, net	(4,590)	(37,393)
Fair value loss (gain) on financial assets at fair value through profit or loss	10,334	(10,727)
Depreciation of property, plant and equipment	1,261	2,686
Interest income	(393)	(784)
Interest expenses	4,651	22,576
Share of results of an associate	222	154
Amortisation of prepaid lease payments	477	477
Written-off the property, plant and equipment	30	1,986
Loss on disposal of property, plant and equipment	–	5,446
Loss on disposal of investment properties	–	4,325
Gain on disposal of financial assets at fair value through profit or loss	(3,109)	(6,524)
(Reversal of) impairment loss recognised in respect of:		
– loan receivables	(1)	5
– trade receivables	–	33
– other receivables	–	557
Bad debts written-off in respect of:		
– trade receivables	25	–
– other receivables	1,484	–
Share-based compensation expense	–	266
Impairment loss recognised in respect of goodwill	14,954	–
Gain on disposal of subsidiaries	(34,630)	–
Gain on deemed disposal of subsidiaries	–	(44,962)
Gain on disposal of an associate	–	(27,670)
Operating cash flows before movements in working capital	(51,508)	(79,771)
Increase in financial assets at fair value through profit or loss	(74,520)	(25,360)
(Increase) decrease in inventories	(34)	283
Increase in properties under development for sale	–	(121,666)
Decrease in loan receivables	1	–
Decrease (increase) in trade and other receivables, deposits and prepayments	26,562	(60,248)
Increase in trade and other payables and accruals	4,782	94,497
Increase (decrease) in amount due to a director	53,645	(20,774)
Decrease in amounts due to non-controlling interests	–	(10,348)
Cash used in operations	(41,072)	(223,387)
Tax paid	(1,097)	(766)
Net cash used in operating activities	(42,169)	(224,153)

	2014 *HK$'000*	2013 *HK$'000*
Investing activities		
Increase in available-for-sale financial assets	(1,293)	(626)
Increase in pledged bank deposits	(47,559)	(3,598)
Purchase of property, plant and equipment	(1,768)	(29,390)
Purchase of investment properties	(98,934)	(14,293)
Proceeds from disposal of investment properties	–	177,703
Proceed from disposal of partial interest in a subsidiary without loss of control	–	76,560
Interest received	393	784
Purchase of additional interest in an associate	(632)	(1,895)
Proceeds from disposal of property, plant and equipment	–	30,436
Net cash outflow from deemed disposal of subsidiaries	–	(665,007)
Net cash inflow from disposal of associates	–	217,535
Net cash outflow from acquisition of subsidiaries	(4,132)	–
Decrease in amount due from SingHaiyi	–	143,621
Advances to associates	–	(144,962)
Decrease in amounts due to associates	–	(478)
Net cash used in investing activities	(153,925)	(213,610)
Financing activities		
Repayment of borrowings	(10,166)	(154,975)
New borrowings raised	61,864	177,488
Proceeds from placing shares by SingHaiyi	–	31,209
Proceeds from issuance of convertible preference shares by SingHaiyi	–	596,419
Inception of obligations under a finance lease	–	1,705
Repayment of obligations under a finance lease	(69)	(736)
Proceeds from issue of shares upon exercise of share options	11,570	58,234
Interest paid	(6,575)	(22,572)
Repayment of non-convertible bonds	(105,633)	–
Net cash (used in) from financing activities	(49,009)	686,772
Net (decrease) increase in cash and cash equivalents	(245,103)	249,009
Cash and cash equivalents at beginning of the year	353,043	115,818
Effect of foreign exchange rate changes, net	(5,208)	(11,784)
Cash and cash equivalents at end of the year	102,732	353,043
Cash and cash equivalents at end of the year represented by		
Bank balances and cash	102,732	353,385
Bank overdraft	–	(342)
	102,732	353,043

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

1. GENERAL

Heng Fai Enterprises Limited (the "Company") is a public limited liability company incorporated and domiciled in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

Pursuant to the special resolution passed at the extraordinary general meeting of the Company dated 6 September 2013, the Company's name has been changed from "Xpress Group Limited 特速集團有限公司" to "Heng Fai Enterprises Limited 恒輝企業控股有限公司" with effective on 7 October 2013.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") include investment holding, property investment and trading, hotel operations, securities trading and investment, treasury investment, property development and financing business.

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

The consolidated financial statements for the year ended 31 March 2014 were approved for issue by the board of directors on 27 June 2014.

2. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The consolidated financial statements up to 31 March 2013 had been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Pursuant to the Company's announcement dated 14 April 2014, as the board of directors of the Company proposed secondary listing of the Company's shares on the AIM of London Stock Exchange ("LSE") to i) raise additional capital for the Company to grow its Real Estate Investment Trusts ("REITs") portfolio; and ii) strengthen its financial position for future expansion and raise its investor profile principally in the United States which offer higher-than-average yields, the directors of the Company (the "Directors") decided to adopt HKFRSs and IFRSs issued by the International Accounting Standards Board ("IASB") at the same time to prepare its consolidated financial statements for its accounting year beginning on 1 April 2013. The consolidated financial statements have been prepared in accordance with IFRSs/HKFRSs with effect from this reporting period and the comparative consolidated financial statements for the year ended 31 March 2013 have been converted in accordance with IFRSs/HKFRSs.

The Directors believe that adoption of internationally recognised accounting standards will allow its consolidated financial statements to be better understood by its shareholders, the capital markets and the other users globally. The Directors have considered and concluded that no adjustments were required to the amounts reported under HKFRSs for the year ended 31 March 2013 and at the date of IFRSs adoption.

The Group has adopted all the new and revised IFRSs issued by IASB that are relevant to its operations and effective for accounting year beginning on 1 April 2013. IFRSs comprises International Financial Reporting Standards ("IFRS") and International Accounting Standards and Interpretations.

3. APPLICATION OF NEW AND REVISED IFRSs/HKFRSs

The Group has applied the following new and revised International Accounting Standards ("IASs")/Hong Kong Accounting Standards ("HKASs"), IFRSs/HKFRSs and amendments (hereinafter collectively referred to as the "New and Revised IFRSs/HKFRSs") issued by IASB/HKICPA and International Financial Reporting Interpretations Committee ("IFRIC")/Hong Kong Financial Reporting Interpretations Committee ("HK(FRIC)") of IASB/HKICPA for the first time in the current year.

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

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

IFRS/HKFRS 13 Fair Value Measurement

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

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

IFRS/HKFRS 13 requires prospective application. Other than the additional disclosures, the application of IFRS/HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements. Disclosures of fair value information are set out in Note 51 to the consolidated financial statements.

Amendments to IAS/HKAS 1 Presentation of Items of Other Comprehensive Income

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

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

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising IFRS/HKFRS 10 *Consolidated Financial Statements*, IFRS/HKFRS 11 *Joint Arrangements*, IFRS/HKFRS 12 *Disclosure of Interests in Other Entities*, IAS/HKAS 27 (as revised in 2011) *Separate Financial Statements* and IAS/HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to IFRS/HKFRS 10, IFRS/HKFRS 11 and IFRS/HKFRS 12 regarding transitional guidance. IAS/HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

Impact of the application of IFRS/HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS/HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements (please see Notes 20 and 21 for details).

New and Revised IFRSs/HKFRSs in issued but not yet effective

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

Amendments to IFRSs/HKFRSs	Annual Improvements to IFRSs/HKFRSs 2010–2012 Cycle[2]
Amendments to IFRSs/HKFRSs	Annual Improvements to IFRSs/HKFRSs 2011–2013 Cycle[2]
IFRS/HKFRS 9	Financial Instruments[3]
IFRS/HKFRS 14	Regulatory Deferral Accounts[4]
Amendments to IFRS/HKFRS 9 and IFRS/HKFRS 7	Mandatory Effective Date of IFRS/HKFRS 9 and Transition Disclosures[3]
Amendments to IFRS/HKFRS 10, IFRS/HKFRS 12 and IAS/HKAS 27	Investment Entities[1]
Amendments to IAS/HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to IAS/HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IAS/HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to IAS/HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
IFRIC/HK(IFRIC) – Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

3 Available for application – the mandatory effective date will be determined when the outstanding phases of IFRS/HKFRS 9 are finalised.

4 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

Annual Improvements to IFRSs/HKFRSs 2010–2012 Cycle

The *Annual Improvements to IFRSs/HKFRSs 2010–2012 Cycle* include a number of amendments to various IFRSs/HKFRSs, which are summarised below.

The amendments to IFRS/HKFRS 2 (i) change the definitions of "vesting condition" and "market condition"; and (ii) add definitions for "performance condition" and "service condition" which were previously included within the definition of "vesting condition". The amendments to IFRS/HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to IFRS/HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS/HKFRS 9 or IAS/HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to IFRS/HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to IFRS/HKFRS 8 (i) require an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics"; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of IFRS/HKFRS 13 clarify that the issue of IFRS/HKFRS 13 and consequential amendments to IAS/HKAS 39 and IFRS/HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to IAS/HKAS 16 and IAS/HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to IAS/HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The Directors do not anticipate that the application of the amendments included in the *Annual Improvements to IFRSs/HKFRSs 2010–2012 Cycle* will have a material effect on the Group's consolidated financial statements.

Annual Improvements to IFRSs/HKFRSs 2011–2013 Cycle

The Annual Improvements to *IFRSs/HKFRSs 2011-2013 Cycle* include a number of amendments to various IFRSs/HKFRSs, which are summarised below.

The amendments to IFRS/HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to IFRS/HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS/HKAS 39 or IFRS/HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS/HKAS 32.

The amendments to IAS/HKAS 40 clarify that IAS/HKAS 40 and IFRS/HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of IAS/HKAS 40; and

(b) the transaction meets the definition of a business combination under IFRS/HKFRS 3.

The Directors do not anticipate that the application of the amendments included in the Annual Improvements to *IFRSs/HKFRSs 2011–2013 Cycle* will have a material effect on the Group's consolidated financial statements.

IFRS/HKFRS 9 Financial Instruments

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

Key requirements of IFRS/HKFRS 9 are described as follows:

– All recognised financial assets that are within the scope of IAS/HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under IFRS/HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

– With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS/HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS/HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

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

The Directors anticipate that the adoption of IFRS/HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's and the Company's financial assets and financial liabilities. Regarding the Group's and the Company's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to IFRS/HKFRS 10, IFRS/HKFRS 12 and IAS/HKAS 27 Investment Entities

The amendments to IFRS/HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS/HKFRS 12 and IAS/HKAS 27 to introduce new disclosure requirements for investment entities.

The Directors do not anticipate that the investment entities amendments will have any effect on the Group's consolidated financial statements as the Company is not an investment entity.

Amendments to IAS/HKAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to IAS/HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The Directors do not anticipate that the application of these amendments to IAS/HKAS 32 will have a significant impact on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

Amendments to IAS/HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to IAS/HKAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The Directors do not anticipate that the application of these amendments to IAS/HKAS 36 will have a significant impact on the Group's consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the IFRSs/HKFRSs and the predecessor Hong Kong Companies Ordinance, Cap. 32 for this financial year and the comparative period under the transitional and saving arrangements for Part 9 "Accounts and Audit" set out in sections 76 to 87 of Schedule 11 to the new Hong Kong Companies Ordinance, Cap. 622.

The requirements of Part 9 "Accounts and Audit" come into operation from the Company's first financial year commencing after 3 March 2014 (that is, 1 April 2014) in accordance with section 358 of the new Hong Kong Companies Ordinance, Cap. 622. The Directors are in the process of making an assessment of the impact of the changes under Part 9 "Accounts and Audit" on the consolidated financial statements in the period of initial application.

So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

4.1 Basis of consolidation

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

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

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

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

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

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

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

4.2 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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

4.3 Business combinations

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

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

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

– liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS/HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

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

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another IFRS/HKFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS/HKAS 39, or IAS/HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

4.4 Goodwill

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

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

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

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

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

4.5 Investments in subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

4.6 Investments in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

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

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

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

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

4.7 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

4.8 Foreign currencies

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

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

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

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

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

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

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

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

4.9 Revenue recognition

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

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

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

(b) Interest income from credit card receivables is recognised in the consolidated statement of profit or loss on an accrual basis, except where a debt becomes doubtful, in which case, recognition of interest income is suspended until it is realised on a cash basis.

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

(d) Income from hotel operation is recognised upon provision of services.

(e) Sale of hotel accommodation is recognised upon issuance of the hotel vouchers.

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

(g) Realised fair value gains or losses on securities trading are recognised on a trade date basis whilst unrealised fair value gains or losses are recognised on change in fair value at the end of the reporting period.

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

4.10 Borrowing costs

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

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

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

4.11 Property, plant and equipment

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

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

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

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

4.12 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

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

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

4.13 Impairment on tangible assets

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

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

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

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

4.14 Leasing

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

The Group as lessor

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

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

The Group as lessee

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

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

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

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

Leasehold land and building

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

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

4.15 Financial instruments

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

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

Financial assets

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

Effective interest method

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

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

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IAS/HKAS 39 *Financial Instrument: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the change in fair values of investment held for trading and change in fair values of financial assets at FVTPL in the consolidated statement of profit or loss. Fair value is determined in the manner described in Note 51 to the consolidated financial statements.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) financial assets at FVTPL; and (b) loans and receivables. The Group designated the long-term investments in unlisted equity securities and club membership as available-for-sale financial assets on initial recognition of those items.

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

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, deposits, loan receivables, amounts due from subsidiaries, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy in respect of impairment loss of financial assets below).

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

Impairment loss of financial assets

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

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

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

- significant financial difficulty of the issuer or counterparty; or

- breach of contract, such as a default or delinquency in interest and principal payments; or

- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade and other receivables and loan receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30–60 days and observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

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

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

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of assets revaluation reserve.

Financial liabilities and equity instruments

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

Equity instruments

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

Other financial liabilities

Other financial liabilities including trade and other payables and accruals, bank overdraft, borrowings, obligations under a finance lease, amounts due to subsidiaries, amount due to a director and non-convertible bonds are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Convertible bonds issued by the Group

Convertible bonds contains liability and equity components

The component parts of the convertible bonds issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible bonds, the balance recognised in equity will be transferred to accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Financial guarantee contracts

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

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

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

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

Derecognition

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

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

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

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

4.16 Borrowing

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group and the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting period.

4.17 Inventories

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

4.18 Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

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

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

4.19 Cash and cash equivalents

Bank balances and cash included in the statements of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

4.20 Retirement benefit costs and short-term employee benefits

(a) Retirement benefit costs

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

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% or HK$1,250 in maximum of relevant payroll costs to the MPF Scheme, which contribution is matched by employees.

The employees of the Group's subsidiaries which operate in Singapore and Japan is required to participate in the defined contribution plans regulated and managed by the local government. The contributions to the defined contribution plans are charged to the consolidated statement of profit or loss in the period to which the contributions related.

(b) Short-term employee benefits

Employees' entitlements to annual leave are recognised when they are accrued to employees. A provision is made for the estimated liabilities for annual leave as a result of services rendered by employees up to the end of the reporting period.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

4.21 Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees

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

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

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

When share options are exercised, the amount previously recognised in share-based compensation reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based compensation reserve will be transferred to accumulated losses.

Share options granted to suppliers/consultants

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share-based compensation reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

4.22 Provisions

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

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgments in applying accounting policies

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

Distinction between investment properties and owner-occupied properties

The Group and the Company should determine whether a property qualifies as investment property or owner-occupied property. In making its judgment, the Group and the Company considers whether the property generates cash flows largely independently of the other assets. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in production or supply of goods or services.

Some properties comprise of a portion that is held to earn rentals or for capital appreciation and another portion that is held for use for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Group and the Company accounts for these portions separately. If the portions cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group and the Company considers each property separately in making its judgment.

Deferred taxation on investment properties

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

Impairment of available-for-sale financial assets

For available-for-sale financial assets, a significant or prolonged decline in fair value below cost is considered to be objective evidence of impairment. Judgment is required when determining whether a decline in fair value has been significant and/or prolonged. In making this judgment, the historical data on market volatility as well as the price of the specific investment are taken into account. The Group also takes into account other factors, such as industry and sector performance and financial information regarding the issuer/investee.

Key sources of estimation uncertainty

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

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. Details of the recoverable amount calculation for goodwill are disclosed in Note 23 to the consolidated financial statements.

Estimate fair value of investment properties

At the end of the reporting period, investment properties are stated at fair value based on the valuation performed by an independent professional valuer. In determining the fair value, the valuer has based on a method of valuation which involves certain estimates. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss. In relying on the valuation report, the management has exercised their judgment and is satisfied that the assumptions used in valuation are reflective of the current market conditions.

Fair value measurements and valuation processes

Some of the Group's assets are measured at fair value for financial reporting purposes. The management is responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The management reports the findings to the board of directors regularly to explain the cause of fluctuations in the fair value of the assets.

Notes 19 and 51 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets.

6. TURNOVER AND OTHER OPERATING INCOME

An analysis of the Group's turnover for the year is as follows:

	2014	**2013**
	HK$'000	*HK$'000*
Financial interest and service income	45	108
Dividend income	5,987	414
Other interest income	393	784
Rental income	18,968	21,770
Income from hotel operations	7,090	27,034
Gross proceeds from disposal of financial assets at fair value through profit or loss	173,279	55,020
	205,762	105,130

Other operating income

	2014	2013
	HK$'000	*HK$'000*
Other income	1,571	1,847
Exchange gain, net	–	2,512
Bad debt recovery on trade receivables	84	189
Management fee received from an associate	–	110
	1,655	4,658

7. SEGMENT INFORMATION

Information reported to the board of directors of the Company (the "Board"), being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. Each of the Group's reportable and operating segments represents a strategic business unit that offer products and services which are subject to risks and returns that are different from those of the other segments. This is also the basis upon which the Group is organised and managed. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

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

Financing operations	–	provide financing to individuals and acquiring services for members
Securities trading and investment	–	trading of securities
Treasury investment	–	asset management and cash operations
Property investment and trading	–	letting properties and trading of properties
Hotel operations	–	hotel operations in Japan
Property development	–	development of properties

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

Segment revenue and results

For the year ended 31 March 2014

	Financing operations	Securities trading and investment	Treasury investment	Property investment and trading	Hotel operations	Property development	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover – gross proceeds	45	320,200	10,069	18,968	7,090	–	(150,610)	205,762
Revenue								
– External sales	45	9,096	393	18,968	7,090	–	–	35,592
– Inter-segment sales	–	140,934	9,676	–	–	–	(150,610)	–
Total	45	150,030	10,069	18,968	7,090	–	(150,610)	35,592
Segment results	(1,441)	(12,207)	9,888	17,784	(5,352)	(392)	–	8,280
Unallocated corporate revenue								1,341
Unallocated corporate expenses								(84,492)
Unallocated finance costs								(1,760)
Gain on disposal of subsidiaries								34,630
Share of results of an associate								(222)
Loss before income tax								(42,223)
Income tax credits								113
Loss for the year								(42,110)
Segment assets	144	129,068	8,734	721,102	9,320	–	–	868,368
Interest in an associate								3,120
Unallocated assets								222,839
Total assets								1,094,327
Segment liabilities	–	–	–	(139,293)	(608)	–	–	(139,901)
Unallocated liabilities								(132,656)
Total liabilities								(272,557)

For the year ended 31 March 2013

	Financing operations HK$'000	Securities trading and investment HK$'000	Treasury investment HK$'000	Property investment and trading HK$'000	Hotel operations HK$'000	Property development HK$'000	Elimination HK$'000	Total HK$'000
Turnover – gross proceeds	108	55,434	12,126	21,770	27,034	–	(11,342)	105,130
Revenue								
– External sales	108	6,938	784	21,770	27,034	–	–	56,634
– Inter-segment sales	–	–	11,342	–	–	–	(11,342)	–
Total	108	6,938	12,126	21,770	27,034	–	(11,342)	56,634
Segment results	(1,099)	16,045	515	46,357	(14,247)	(236)	–	47,335
Unallocated corporate revenue								9,135
Unallocated corporate expenses								(100,799)
Unallocated finance costs								(18,371)
Gain on deemed disposal of subsidiaries								44,962
Gain on disposal of an associate								27,670
Share of results of an associate								(154)
Profit before income tax								9,778
Income tax credits								20,226
Profit for the year								30,004
Segment assets	160	60,522	8,880	628,177	10,220	–	–	707,959
Interest in an associate								2,873
Unallocated assets								464,792
Total assets								1,175,624
Segment liabilities	–	–	–	(152,148)	(645)	–	–	(152,793)
Unallocated liabilities								(123,083)
Total liabilities								(275,876)

Other segment information

For the year ended 31 March 2014

	Financing operations HK$'000	Securities trading and investment HK$'000	Treasury investment HK$'000	Property investment and trading HK$'000	Hotel operations HK$'000	Property development HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:								
Capital expenditure	–	–	–	(101,089)	(96)	–	–	(101,185)
Depreciation	–	–	(181)	(786)	(153)	–	–	(1,120)
Amortisation of prepaid lease payments	–	–	–	(477)	–	–	–	(477)
Fair value loss on financial assets at fair value through profit or loss	–	(10,334)	–	–	–	–	–	(10,334)
Fair value gain on revaluation of investment properties, net	–	–	–	4,590	–	–	–	4,590
Gain on disposal of financial assets at fair value through profit or loss	–	3,109	–	–	–	–	–	3,109
Written-off the property, plant and equipment	–	–	–	(30)	–	–	–	(30)
Bad debts written-off in respect of trade receivables	–	–	–	(25)	–	–	–	(25)
Reversal of impairment loss recognised in respect of loan receivables	1	–	–	–	–	–	–	1
Impairment loss recognised in respect of goodwill	–	–	–	–	(10,544)	–	–	(10,544)
Bad debt recovery on trade receivables	84	–	–	–	–	–	–	84
Amounts regularly provided to the chief operating decision making but not included in the measure of segment profit or loss or segment assets:								
Capital expenditure	–	–	–	–	–	–	(34)	(34)
Depreciation	–	–	–	–	–	–	(141)	(141)
Bad debts written-off in respect of other receivables	–	–	–	–	–	–	(1,484)	(1,484)
Impairment loss recognised in respect of goodwill	–	–	–	–	–	–	(4,410)	(4,410)

For the year ended 31 March 2013

	Financing operations	Securities trading and investment	Treasury investment	Property investment and trading	Hotel operations	Property development	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:								
Capital expenditure	–	–	–	(15,253)	(258)	–	–	(15,511)
Depreciation	–	–	(227)	(626)	(1,316)	–	–	(2,169)
Amortisation of prepaid lease payments	–	–	–	(477)	–	–	–	(477)
Fair value gain on financial assets at fair value through profit or loss	–	10,727	–	–	–	–	–	10,727
Fair value gain on revaluation of investment properties, net	–	–	–	37,393	–	–	–	37,393
Gain on disposal of financial assets at fair value through profit or loss	–	6,524	–	–	–	–	–	6,524
Loss on disposal of property, plant and equipment	–	–	–	(33)	(5,413)	–	–	(5,446)
Loss on disposal of investment properties	–	–	–	(4,325)	–	–	–	(4,325)
Written-off the property, plant and equipment	–	–	–	(1,986)	–	–	–	(1,986)
Bad debts written-off in respect of trade receivables	–	–	–	(31)	–	–	–	(31)
Bad debt recovery on trade receivables	189	–	–	–	–	–	–	189
Impairment loss recognised in respect of								
– trade receivables	(33)	–	–	–	–	–	–	(33)
– other receivables	–	–	–	–	(131)	–	–	(131)
– loan receivables	(5)	–	–	–	–	–	–	(5)
Amounts regularly provided to the chief operating decision making but not included in the measure of segment profit or loss or segment assets:								
Capital expenditure	–	–	–	–	–	–	(28,172)	(28,172)
Depreciation	–	–	–	–	–	–	(517)	(517)
Impairment loss recognised in respect of other receivables	–	–	–	–	–	–	(426)	(426)

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

– all assets are allocated to operating segments other than unallocated assets (mainly comprising certain property, plant and equipment, certain available-for-sale financial assets, certain other receivables, bank balances and cash, certain pledged bank deposits and prepaid lease payments); and

– all liabilities are allocated to operating segments other than unallocated liabilities (mainly comprising non-convertible bonds, certain other payables and accruals, tax payables, amount due to a director, bank overdraft and certain borrowings).

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4 to the consolidated financial statements. Segment results represent the (loss by) profit from each segment without allocation of certain items, mainly comprising other operating income, gain on deemed disposal of subsidiaries, gain on disposal of associates, gain on disposal of subsidiaries, share of results of an associate, certain depreciation, certain administrative expenses, directors' and chief executives' salaries and certain finance costs. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at arm's length negotiation.

Geographical information

The Group's operations are located in four (2013: four) main geographical areas. Information about the Group's revenue from external customers is presented based on the geographical market of the customers, irrespective of the origin of the goods and services.

	2014	**2013**
	HK$'000	*HK$'000*
Hong Kong	10,871	12,751
North America	1,901	3,617
Singapore	12,668	13,232
Japan	10,152	27,034
	35,592	56,634

Information about the Group's non-current assets, excluded the financial instruments, is presented based on the geographical location of the assets.

Segment assets

	2014	**2013**
	HK$'000	*HK$'000*
Hong Kong	108,948	105,332
North America	59,573	10,075
Singapore	533,738	490,444
Japan	48,677	70,241
	750,936	676,092

Information about major customers

For the years ended 31 March 2014 and 31 March 2013, no individual customer of the Group contributed over 10% of the total revenue of the Group.

8. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interests on:		
Bank loans and overdrafts wholly repayable within five years	407	11,665
Bank loans not wholly repayable within five years	2,891	4,307
Effective interest expense on convertible bonds *(Note 35)*	–	4
Interest on a finance lease	7	25
Interest expense on non-convertible bonds *(Note 36)*	1,346	16,901
Total borrowing costs	4,651	32,902
Less: A mount capitalised in properties under development for sale	–	(10,326)
	4,651	22,576

For the year ended 31 March 2013, borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 100% per annum to expenditure on properties under development for sale.

9. INCOME TAX CREDITS

	2014	2013
	HK$'000	*HK$'000*
Current tax		
– Hong Kong	–	–
– Overseas	297	233
Over-provision in prior years	(680)	(20,182)
Deferred tax *(Note 37)*	270	(277)
	(113)	(20,226)

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

During the years ended 31 March 2014 and 31 March 2013, no tax is payable on the profit for the year arising in Hong Kong since the assessable profit is wholly absorbed by tax loss brought forward.

According to the relevant Singapore tax regulations, certain Singapore subsidiaries of the Group enjoy the partial tax exemption and corporate income tax rebate during the years ended 31 March 2014 and 31 March 2013.

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

The income tax credits for the year can be reconciled to the (loss) profit before income tax per the consolidated statement of profit or loss as follows:

	2014	2013
	HK$'000	*HK$'000*
(Loss) profit before income tax	(42,223)	9,778
Tax at Hong Kong profits tax rate of 16.5% (2013: 16.5%)	(6,967)	1,613
Tax effect of expenses not deductible for tax purpose	17,617	7,102
Tax effect of income not taxable for tax purpose	(7,296)	(16,540)
Tax effect of unused tax losses not recognised	5,527	14,169
Utilisation of tax losses previously not recognised	–	(864)
Utilisation of deductible temporary differences previously not recognised	–	(277)
Tax effect of deductible temporary differences not recognised	270	–
Over-provision in prior years	(680)	(20,182)
Tax effect of share of results of associates	–	(25)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(8,129)	(4,959)
Effect of tax exemption granted to Singapore subsidiaries	(455)	(263)
Income tax credits for the year	(113)	(20,226)

10. (LOSS) PROFIT FOR THE YEAR

	2014	2013
	HK$'000	*HK$'000*
(Loss) profit for the year is arrived at after charging (crediting):		
Operating lease charges on land and buildings	904	850
Depreciation of property, plant and equipment	1,261	2,686
Amortisation of prepaid lease payments	477	477
(Reversal of) impairment loss recognised in respect of		
– trade receivables	–	33
– other receivables	–	557
– loan receivables	(1)	5
Bad debts written-off in respect of		
– trade receivables	25	31
– other receivables	1,484	–
Loss on disposal of property, plant and equipment	–	5,446
Written-off the property, plant and equipment	30	1,986
Exchange loss, net	3,945	–
Auditor's remuneration	805	805
Staff costs including directors' emoluments *(Note 13)*	53,626	91,115
Rental income from investment properties less outgoings of HK$8,718,000 (2013: HK$9,928,000)	(10,250)	(11,842)
Cost of inventories recognised as an expense	1,745	5,957

11. (LOSS) PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

Of the consolidated loss for the year attributable to owners of the Company of approximately HK$43,503,000 (2013: profit of approximately HK$33,375,000), a loss of approximately HK$15,723,000 (2013: HK$46,077,000) has been dealt with in the financial statements of the Company.

12. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share is based on the loss for the year attributable to owners of the Company of approximately HK$43,503,000 (2013: profit of approximately HK$33,375,000) and on the weighted average number of approximately 3,595,534,000 (2013: 3,379,952,000) ordinary shares in issue during the year.

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

	2014	**2013**
	HK$'000	*HK$'000*
(Loss) profit for the year attributable to owners of the Company, used in the basic and diluted (loss) earnings per share calculation	(43,503)	33,375

Number of shares

	2014	**2013**
	'000	*'000*
Weighted average number of ordinary shares for the purpose of the basic (loss) earnings per share	3,595,534	3,379,952
Effect of dilutive potential ordinary shares:		
Share options *(Note)*	N/A	113,939
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	3,595,534	3,493,891

Note:

Diluted loss per share for the year ended 31 March 2014 were not presented because the exercise of share option during the year were anti-dilutive.

13. EMPLOYEES' EMOLUMENTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2014	**2013**
	HK$'000	*HK$'000*
Short-term employment benefits		
– Basic salaries of staff and directors' fee	51,737	86,416
– Other allowances and benefits in kind	1,363	3,691
Share-based compensation expense	–	266
Contributions to defined contribution plans	526	742
	53,626	91,115

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the nine (2013: seven) directors and the chief executive were as follow:

	Fees	Salaries, allowances and benefits in kind	Contributions to defined contribution plans	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2014				
Executive directors				
Mr. Chan Heng Fai	–	27,298	10	27,308
Mr. Chan Tong Wan	–	2,501	75	2,576
Mrs. Chan Yoke Keow	–	5,159	61	5,220
Non-executive directors				
Mr. Fong Kwok Jen	206	–	–	206
Mr. Teh Wing Kwan *(Note i)*	89	–	–	89
Independent non-executive directors				
Mr. Wong Dor Luk, Peter	126	–	–	126
Mr. Wong Tat Keung	167	–	–	167
Mr. Chan King Fai	126	–	–	126
Mr. Tan Choon Seng *(Note ii)*	148	–	–	148
	862	34,958	146	35,966

	Fees	Salaries, allowances and benefits in kind	Contribution to defined contribution plans	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2013				
Executive directors				
Mr. Chan Heng Fai	–	46,597	–	46,597
Mr. Chan Tong Wan	–	3,075	60	3,135
Mrs. Chan Yoke Keow	–	4,159	60	4,219
Non-executive director				
Mr. Fong Kwok Jen	120	–	–	120
Independent non-executive directors				
Mr. Wong Dor Luk, Peter	120	–	–	120
Mr. Wong Tat Keung	324	–	–	324
Mr. Chan King Fai	111	–	–	111
	675	53,831	120	54,626

Notes:

i) Appointed on 3 October 2013

ii) Appointed on 15 August 2013

During the years ended 31 March 2014 and 31 March 2013, neither the chief executive nor any of the directors waived or agreed to waive any emoluments. Apart from directors, the Group has not classified any other person as chief executive.

During the years ended 31 March 2014 and 31 March 2013, no emolument was paid by the Group to the directors or chief executive as an inducement to join or upon joining the Group, or as compensation for loss of office.

15. SENIOR MANAGEMENT'S EMOLUMENTS

Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, three (2013: three) were directors and the chief executive of the Company whose emoluments are included in the disclosures in Note 14 above. The emoluments of the remaining two (2013: two) highest paid individuals were as follows:

	2014	**2013**
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	3,077	3,098
Contribution to defined contribution plans	15	33
	3,092	3,131

Their emoluments were within the following bands:

	Number of employees	
	2014	**2013**
HK$ nil to HK$1,000,000	–	–
HK$1,000,001 to HK$1,500,000	1	1
HK$1,500,001 to HK$2,000,000	1	1

During the years ended 31 March 2014 and 31 March 2013, no emolument was paid to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

16. DIVIDENDS

No dividend was paid or proposed for the year ended 31 March 2014, nor has any dividend been proposed since the end of the reporting period (2013: Nil).

17. PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings *HK$'000*	Leasehold improvements *HK$'000*	Furniture, fixtures and motor vehicles *HK$'000*	Total *HK$'000*
At 1 April 2012				
Cost	55,447	17,449	10,439	83,335
Accumulated depreciation and impairment	(6,905)	(11,966)	(6,761)	(25,632)
Closing carrying values	48,542	5,483	3,678	57,703
Year ended 31 March 2013				
Opening carrying values	48,542	5,483	3,678	57,703
Additions	24,612	2,948	1,830	29,390
Written-off	–	(1,937)	(49)	(1,986)
Depreciation	(933)	(955)	(798)	(2,686)
Deemed disposal of subsidiaries *(Note 46)*	(25,287)	(2,071)	(2,944)	(30,302)
Disposals	(33,532)	(2,175)	(175)	(35,882)
Exchange realignments	(1,546)	29	66	(1,451)
Closing carrying values	11,856	1,322	1,608	14,786
At 31 March 2013				
Cost	14,293	5,652	6,870	26,815
Accumulated depreciation and impairment	(2,437)	(4,330)	(5,262)	(12,029)
Closing carrying values	11,856	1,322	1,608	14,786
Year ended 31 March 2014				
Opening carrying values	11,856	1,322	1,608	14,786
Additions	–	539	1,746	2,285
Written-off	–	–	(30)	(30)
Depreciation	(166)	(484)	(611)	(1,261)
Exchange realignments	(837)	(18)	(22)	(877)
Closing carrying values	10,853	1,359	2,691	14,903
At 31 March 2014				
Cost	12,066	6,093	7,871	26,030
Accumulated depreciation and impairment	(1,213)	(4,734)	(5,180)	(11,127)
Closing carrying values	10,853	1,359	2,691	14,903

The carrying values of land and buildings held by the Group are analysed as follows:

	2014	**2013**
	HK$'000	*HK$'000*
In Hong Kong, held under long-term leases	2,270	2,321
In Japan, freehold	8,583	9,535
	10,853	11,856

At 31 March 2014, certain of the Group's land and buildings with a carrying values of approximately HK$2,179,000 (2013: HK$2,227,000) has been pledged to secure the Group's borrowings (Notes 32 and 38).

At 31 March 2014, a motor vehicle with carrying amount of approximately HK$861,000 (2013: HK$ Nil) in respect of assets held under finance lease (Note 33).

Company

	Furniture, fixtures and motor vehicles
	HK$'000
At 1 April 2012	
Cost	4,211
Accumulated depreciation	(3,264)
Closing carrying values	947
Year ended 31 March 2013	
Opening carrying values	947
Additions	36
Depreciation	(227)
Closing carrying values	756
At 31 March 2013	
Cost	4,247
Accumulated depreciation	(3,491)
Closing carrying values	756
Year ended 31 March 2014	
Opening carrying values	756
Additions	34
Depreciation	(180)
Closing carrying values	610
At 31 March 2014	
Cost	4,281
Accumulated depreciation	(3,671)
Closing carrying values	610

The above items of property, plant and equipment, except for freehold land, are depreciated at the following rates per annum:

Land and buildings	Over the shorter of the term of lease, or 2% on straight-line method
Leasehold improvements	Over the term of the lease or 6.67% – 20% on straight-line method, whichever is the shorter
Furniture, fixtures and motor vehicles	20% – 25% on reducing balance method

18. PREPAID LEASE PAYMENTS

Group

	2014	**2013**
	HK$'000	*HK$'000*
Analysed for reporting purposes as:		
– Current asset (included in trade and other receivables, deposits and prepayments) *(Note 29)*	477	477
– Non-current asset	20,999	21,476
	21,476	21,953
The Group's prepaid lease payments comprise:		
Long-term leases held in Hong Kong	21,476	21,953
Opening carrying values	21,953	22,430
Amortisation recognised during the year	(477)	(477)
Closing carrying values	21,476	21,953

At 31 March 2014, the Group's prepaid lease payments of approximately HK$20,469,000 (2013: HK$20,924,000) have been pledged to secure the Group's borrowings (Notes 32 and 38).

19. INVESTMENT PROPERTIES

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

	Group	
	2014	**2013**
	HK$'000	*HK$'000*
Fair value		
At 1 April	626,413	908,383
Additions	98,934	14,293
Disposals	–	(182,028)
Deemed disposal of subsidiaries *(Note 46)*	–	(155,342)
Transfer to assets held for sale *(Note 28)*	(6,450)	–
Net increase in fair value recognised in profit or loss	4,590	37,393
Exchange realignments	(11,573)	3,714
At 31 March	711,914	626,413

The carrying amounts of the Group's investment properties shown above comprise properties situated on:

	2014	**2013**
	HK$'000	*HK$'000*
Land in Hong Kong		
Long-term leases	60,500	56,430
Medium-term leases	2,400	8,250
	62,900	64,680
Land outside Hong Kong		
Long-term leases	444,774	451,330
Medium-term leases	84,145	35,931
Freehold	120,095	74,472
	649,014	561,733
	711,914	626,413

	Company	
	2014	**2013**
	HK$'000	*HK$'000*
Fair value		
At 1 April	1,800	1,050
Net increase in fair value recognised in profit or loss	600	750
31 March	2,400	1,800

The carrying amounts of the Company's investment properties shown above comprise properties situated on:

	2014	2013
	HK$'000	*HK$'000*
Land in Hong Kong		
Medium-term leases	2,400	1,800

The fair value of the Group's and the Company's investment properties ("Properties") at 31 March 2014 and 31 March 2013 has been arrived at on the basis of a valuation carried out on the respective dates by Avista Valuation Advisory Limited ("Avista"), an independent qualified professional valuer not connected to the Group. Avista has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The Properties have been valued on market value basis, which conforms to Hong Kong Institute of Surveyors Valuation Standards on Properties. The valuation was determined by reference to recent market prices for similar properties in the similar locations and conditions.

Rental income earned by the Group from its investment properties, which are leased out under operating leases, amounted to approximately HK$18,968,000 (2013: HK$21,770,000).

At 31 March 2014, certain of the Group's investment properties with carrying values of approximately HK$589,419,000 (2013: HK$511,584,000) have been pledged to secure the Group's borrowings (Notes 32 and 38).

The valuation of the Group's investment properties is classified as Level 2 of the fair value hierarchy. There were no transfers into or out of Level 2 during the year.

20. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE FROM (TO) SUBSIDIARIES

	Company	
	2014	2013
	HK$'000	*HK$'000*
Investments at cost		
Unlisted shares	76,947	73,184
Less: Accumulated provision for impairment	(68,040)	(68,537)
	8,907	4,647
Amounts due from subsidiaries within one year		
Interest bearing at 2% per annum (2013: 2%)	497,473	489,900
Non-interest bearing	518,374	562,460
	1,015,847	1,052,360
Less: Accumulated provision for impairment	(385,085)	(430,959)
	630,762	621,401
Amounts due to subsidiaries within one year	(387,633)	(398,631)

Particulars of the principal subsidiaries at 31 March 2014 and 31 March 2013 are as follows:

Name	Place/country of incorporation/ operation and kind of legal entity	Class of shares held	Particulars of issued share capital/registered capital	Proportion of ownership interest: Proportion ownership interest held by the Company: Directly 2014 %	Directly 2013 %	Indirectly 2014 %	Indirectly 2013 %	Proportion of voting power held by the Group 2014 %	2013 %	Principal activities
American Housing REIT Inc. ("AHR")	USA, limited liability company	Common stock	USD3,455	94.9	–	–	–	94.9	–	Property holding
China Credit Singapore Pte Ltd	Singapore, limited liability company	Ordinary	SGD13,417,282	100	100	–	–	100	100	Investment holding
China Xpress Pte Ltd	Singapore, limited liability company	Ordinary	SGD5,670,002	–	–	98.8	98.8	98.8	98.8	Investment holding
eBanker USA.com, Inc. (Note)	United States of America ("USA"), limited liability company	Common stock	USD115,487	–	–	81.8	81.8	81.8	81.8	Financial investment
		Preferred stock	One Series A preferred stock *(Note)*							
Expats Residences Pte Ltd	Singapore, limited liability company	Ordinary	SGD25,002	–	–	100	100	100	100	Property investment
Global Growth Management, Inc.*	Canada, limited liability company	Common stock	USD1,000	–	–	–	100	–	100	Property investment
Global Medical REIT Inc. ("GMR")	USA, limited liability company	Common stock	USD8,000	93.7	–	–	–	93.7	–	Property holding
Heng Fung Capital Company Limited	Hong Kong, limited liability company	Ordinary	HK$2	100	100	–	–	100	100	Securities investment and property investment
Heng Fung Capital (Canada) Inc.*	Canada, limited liability company	Common stock	Canadian dollars 1 ("CAD")	–	100	–	–	–	100	Property investment

Name	Place/country of incorporation/ operation and kind of legal entity	Class of shares held	Particulars of issued share capital/registered capital	Proportion of ownership interest: Proportion ownership interest held by the Company: Directly 2014 %	Directly 2013 %	Indirectly 2014 %	Indirectly 2013 %	Proportion of voting power held by the Group 2014 %	2013 %	Principal activities
IREE Hong Kong Limited (formerly known as Heng Fung Underwriter Limited)	Hong Kong, limited liability company	Ordinary	HK$2	100	100	–	–	100	100	Securities trading
Hotel Plaza Miyazaki Limited*	Japan, limited liability company	Common stock	JPY60,000,000	–	–	–	100	–	100	Hotel operating
Ichi Ni San Enterprises Company Limited	Hong Kong, limited liability company	Ordinary	HK$10,000	100	100	–	–	100	100	Property investment
Japan Xpress Hospitality Limited	Japan, limited liability company	Common stock	JPY495,000,000	–	–	100	100	100	100	Investment holding
Kabushiki Kaisha Aizuya	Japan, limited liability company	Common stock	JPY30,000,000	–	–	100	100	100	100	Hotel holding
Keng Fong Foreign Investment Co. Ltd	USA, limited liability company	Common stock	USD250,000	–	–	100	100	100	100	Property investment
Rasa Sayang Limited	Hong Kong, Limited liability company	Ordinary	HK$10,000	100	100	–	–	100	100	Property investment
Sapporo Holdings Inc.	Japan, limited liability company	Common stock	JPY3,000,000	–	–	100	100	100	100	Hotel holding
Singapore Service Residence Pte Ltd	Singapore, limited liability company	Ordinary	SGD1,250,000	–	–	100	100	100	100	Property holding
SingXpress Investment Pte Ltd*	Singapore, limited liability company	Ordinary	SGD800,000	–	–	–	100	–	100	Investment holding

Name	Place/country of incorporation/ operation and kind of legal entity	Class of shares held	Particulars of issued share capital/registered capital	Proportion of ownership interest						Principal activities
				Proportion ownership interest held by the Company				Proportion of voting power held by the Group		
				Directly		Indirectly				
				2014 %	2013 %	2014 %	2013 %	2014 %	2013 %	
SingXpress International Pte Ltd*	Singapore, limited liability company	Ordinary	SGD2	–	–	–	100	–	100	Property holding
Wai Kin Investment Company Limited	Hong Kong, limited liability company	Ordinary	HK$600,000	100	100	–	–	100	100	Investment holding
Xpress Credit Limited ("Xpress Credit")	Hong Kong, limited liability company	Ordinary	HK$1,260,000	–	–	100	100	100	100	Investment holding, securities trading and financing services
Xpress Finance Limited	Hong Kong, limited liability company	Ordinary	HK$133,866,230	–	–	71.1	71.1	71.1	71.1	Financing services

Notes:

According to the article of incorporation of eBanker USA.com, Inc., the share of Series A Preferred Stock, when issued, shall be entitled to 50% of all votes entitled to be cast in the election of directors.

* Subsidiaries are disposed of during the year ended 31 March 2014

\# During the year ended 31 March 2014, AHR and GMR, which were incorporated in USA and their shares were listed on the Over-The-Counter Bulletin Board in USA, became subsidiaries of the Company. Details information of the acquisition of AHR and GMR are shown in Note 48 to the consolidated financial statements

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

At 31 March 2013 and 31 March 2014, none of the subsidiaries had issued any debt securities at the end of the year.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. These subsidiaries operate in different countries. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries 2014	2013
Investment holding	USA	1	–
	BVI	2	2
	Singapore	4	1
	Japan	1	1
	Hong Kong	3	5
		11	9
Property investment and trading	USA	1	1
Property development	USA	1	–
Securities trading and investment	BVI	1	1
	Singapore	1	1
		2	2
Hotel operations	Japan	1	1
Inactive	USA	2	2
	BVI	–	3
	Singapore	–	3
	Japan	1	2
	Hong Kong	5	11
		8	21

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Place of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests		Total comprehensive income (expense) allocated to non-controlling interests		Accumulated non-controlling interests	
		31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013
				HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
eBanker USA.com, Inc. and its subsidiaries	USA	18.2%	18.2%	575	(4,498)	(3,923)	(4,498)
GMR	USA	6.3%	–	(13)	–	(22)	–
AHR	USA	5.1%	–	41	–	34	–
Individually immaterial subsidiaries with non-controlling interests				(969)	(708)	(1,117)	(150)
				(366)	(5,206)	(5,028)	(4,648)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intra-group eliminations.

(i) eBanker USA.com, Inc. and its subsidiaries

	2014	2013
	HK$'000	*HK$'000*
Current assets	6,269	4,185
Non-current assets	62,475	72,835
Current liabilities	(130,588)	(142,028)
Equity attributable to owners of the Company	(57,921)	(60,510)
Non-controlling interests	(3,923)	(4,498)

	2014	2013
	HK$'000	*HK$'000*
Total income	35,056	32,390
Total expenses	(20,839)	(47,342)
Profits (loss) for the year	14,217	(14,952)
Profits (loss) attributable to owners of the Company	11,635	(12,237)
Profits (loss) attributable to non-controlling interests	2,582	(2,715)
Profits (loss) for the year	14,217	(14,952)
Other comprehensive expense attributable to owners of the Company	(9,046)	(8,037)
Other comprehensive expense attributable to non-controlling interests	(2,007)	(1,783)
Other comprehensive expense for the year	(11,053)	(9,820)
Total comprehensive income (expense) attributable to owners of the Company	2,589	(20,274)
Total comprehensive income (expense) attributable to non-controlling interests	575	(4,498)
Total comprehensive income (expense) for the year	3,164	(24,772)
Dividends paid to non-controlling interests	–	–
Net cash inflow (outflow) from operating activities	14,995	(31,487)
Net cash (outflow) inflow from investing activities	(13,716)	45,574
Net cash outflow from financing activities	(11,117)	(1,287)
Net cash (outflow) inflow	(9,838)	12,800

(ii) GMR

The financial year end date of GMR is 30 September. For the purpose of consolidation, the financial statements of GMR for the period from 30 September 2013 (date of acquisition) to 31 March 2014 have been used and its result has been included in the consolidated statement of profit or loss.

	2014
	HK$'000
Current liabilities	(345)
Equity attributable to owners of the Company	(323)
Non-controlling interests	(22)

	For the period from 30 September 2013 to 31 March 2014
	HK$'000
Total income	3
Total expenses	(223)
Loss for the period, representing the total comprehensive expense for the period	(220)
Loss for the period, representing the total comprehensive expense for the period attributable to owners of the Company	(207)
Loss for the period, representing the total comprehensive expense for the period attributable to non-controlling interests	(13)
Loss for the period, representing the total comprehensive expense for the period	(220)
Dividends paid to non-controlling interests	–
Net cash outflow from operating activities	(183)
Net cash inflow from financing activities	183
Net cash outflow	–

(iii) AHR

The financial year end date of AHR is 31 August. For the purpose of consolidation, the financial statements of AHR for the period from 19 July 2013 (date of acquisition) to 31 March 2014 have been used and its result has been included in the consolidated statement of profit or loss.

	2014
	HK$'000
Current assets	10,570
Non-current assets	47,445
Current liabilities	(57,352)
Equity attributable to owners of the Company	629
Non-controlling interests	34

	For the period from 19 July 2013 to 31 March 2014
	HK$'000
Total income	1,458
Total expenses	(514)
Profit for the period	944
Profit for the period attributable to owners of the Company	896
Profit for the period attributable to non-controlling interests	48
Profit for the period	944
Other comprehensive expense attributable to owners of the Company	(129)
Other comprehensive expense attributable to non-controlling interests	(7)
Other comprehensive expense for the period	(136)
Total comprehensive income attributable to owners of the Company	767
Total comprehensive income attributable to non-controlling interests	41
Total comprehensive income for the period	808
Dividends paid to non-controlling interests	–
Net cash inflow from operating activities	48,002
Net cash outflow from investing activities	(47,551)
Net cash inflow from financing activities	1,978
Net cash inflow	2,429

21. INTEREST IN AN ASSOCIATE

Group

	2014	2013
	HK$'000	*HK$'000*
Carrying amount	3,120	2,873
Fair value of listed investment	4,504	2,798

(a) At 31 March 2014 and 31 March 2013, the Directors are of the opinion that the Group has significant influence and interest on the following associate:

Name of entity	Form of entity	Class of shares held	Country of incorporation principal of operation	Proportion of ownership interest: Group's effective interest 2014	Group's effective interest 2013	Proportion of voting rights held by the Group 2014	Proportion of voting rights held by the Group 2013	Principal activities
RSI International Systems Inc. ("RSI")	Incorporated	Ordinary share of no par value	Canada/Canada	25.2%	23.9%	25.2%	23.9%	Provision of integrated web-based real-time reservation and property management system to the hotel and resort industries

The shares of RSI are listed on the TSX Venture Exchange in Canada. The financial year end date of RSI is 31 December. For the purpose of applying the equity method of accounting, the financial statements of RSI for the year ended 31 December 2013 (Year ended 31 March 2013: 31 December 2012) have been used as the Group considers that it is impracticable for RSI to prepare a separate set of financial statements as of 31 March 2014. As there is no significant effect of transactions between 31 March 2014 and 31 December 2013, in the opinion of the Directors, no adjustments have been recognised.

During the year ended 31 March 2014, the Group acquired further 900,000 shares of RSI at a consideration of CAD90,000 (equivalents to approximately HK$632,000).

At the end of the reporting period, the Group assessed the recoverable amount of interest in an associate, since its market value is exceed the carrying amount of RSI as at 31 March 2014, the Directors determined that no impairment is required.

Summarised financial information in respect of RSI is set out below. The summarised financial information below represents amounts shown in RSI's financial statements prepared in accordance with IFRSs.

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

	2014	2013
	HK$'000	*HK$'000*
Current assets	3,168	2,195
Non-current assets	4,148	4,151
Current liabilities	(3,740)	(2,931)
Non-current liabilities	(271)	(593)
Revenue	21,605	19,852
Loss for the year, representing total comprehensive expense for the year	(881)	(526)
Dividends received from the associate during the year	–	–

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

	2014	2013
	HK$'000	*HK$'000*
Net assets of RSI	3,305	2,822
Proportion of the Group's ownership interest in RSI	25.2%	23.9%
	833	674
Goodwill	4,552	4,552
Exchange realignments	1,335	1,247
	6,720	6,473
Less: Accumulated provision for impairment	(3,600)	(3,600)
Carrying amount of the Group's interest in RSI	3,120	2,873

(b) According to the Company's announcement dated 27 November 2012, SingHaiyi has received a conversion notice from Haiyi Holdings Pte Limited (the "Subscriber") to convert all non-redeemable, cumulative convertible non-voting perpetual preference shares into ordinary shares of SingHaiyi ("CCPS"). Upon the completion of the conversion of CCPS, the Group's equity interest in SingHaiyi was diluted from 52.4% to 19.8%. Accordingly, SingHaiyi ceased to be a subsidiary and became an associate of the Group afterward. Details of the deemed disposal disclosed in Note 46 to the consolidated financial statements.

On 25 January 2013, the Group entered into a placing agreement to place out remaining 19.8% interest of SingHaiyi. BMI Realtors Pte. Ltd., an associate of SingHaiyi, was also disposed of after the Group placed out its interests of SingHaiyi on 25 January 2013.

This transaction has resulted in the recognition of a gain in profit or loss, calculated as follows:

	2013
	HK$'000
Proceeds of disposal	217,535
Less: Carrying amount of the 19.8% investment on the date of loss of significant influence	(189,865)
Gain on disposal	27,670

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Group

Available-for-sale financial assets comprise:

	2014	**2013**
	HK$'000	*HK$'000*
Non-current		
Equity securities		
Unlisted in Hong Kong, at cost *(Note a)*	1,293	–
Unlisted outside Hong Kong, at cost *(Note b)*	616	664
Club membership *(Note c)*		
Unlisted in Hong Kong, at cost	1,425	1,425
Total	3,334	2,089

Notes:

(a) At 31 March 2014, the Group invested in an unlisted equity security issued by a private entity which incorporated in Hong Kong. The available-for-sale financial asset is measured at cost less accumulated impairment loss at the end of the reporting period as the Directors are of the opinion that its fair value cannot be measured reliably.

(b) At 31 March 2014, the balances represent investments in unlisted equity securities issued by the private entities which incorporated in Singapore. The available-for-sale financial assets are measured at cost less accumulated impairment loss at the end of the reporting period as the Directors are of the opinion that their fair values cannot be measured reliably.

(c) It represents club membership which is stated at cost less accumulated impairment loss. As it does not have a quoted market price in an active market, the Directors are of the opinion that its fair value cannot be reliably measured.

23. GOODWILL

Group

	2014	**2013**
	HK$'000	*HK$'000*
Cost		
At 1 April *(Note b)*	10,544	10,544
Arising on acquisition of subsidiaries *(Note a)*	4,410	–
At 31 March	14,954	10,544
Accumulated impairment		
At 1 April	–	–
Impairment loss recognised *(Notes a and b)*	14,954	–
At 31 March	14,954	–
Carrying value		
At 31 March	–	10,544

Notes:

(a) Impairment testing on goodwill of its internet marketing agency services business

The goodwill amounted to approximately HK$4,410,000 is arising from the acquisition of two subsidiaries which shares are listed in USA. Details of the acquisition are set out in Note 48 to the consolidated financial statements.

These two subsidiaries are principally engaged in internet marketing agency services at the acquisition date. For the purpose of operating properties investments in USA, the Group acquired these two subsidiaries during the year ended 31 March 2014. As such, the management determined to discontinue the internet marketing agency services afterwards. As the consideration paid was exceed the net liabilities of these two subsidiaries at the respective dates of acquisition, goodwill of approximately HK$4,410,000 was resulted.

Also, as the management determined not to continue the internet marketing agency services after the acquisition and will focus on the property investments in USA, they are of the opinion that no future cashflow could be derived from the internet marketing agency services after the acquisition.

Based on the above judgment, impairment loss of approximately HK$4,410,000 (2013: Nil) has been recognised in respect of the goodwill to the extent that the carrying amounts exceeded their recoverable amounts based on the best estimate by the Directors and thus, the impairment was recognised to the consolidated statement of profit or loss for the year ended 31 March 2014.

(b) Impairment testing on goodwill of its hotel operation, attributable to the reportable and operating segment of hotel operation business

The goodwill amounted to approximately HK$10,544,000 arose from the acquisition of Sansui Hotel Limited, Kabushiki Kaisha Aizuya and Sapporo Holdings Inc. in 2009.

The recoverable amount of goodwill has been determined by using value-in-use calculations. The cash flow projections were prepared from financial budgets approved by the Directors covering a five years with a range of pre-tax discount rate of 5% (2013: 5% – 10%). Cash flows beyond the forecast period were extrapolated using a zero (2013: 2%) growth rate. The management made key assumptions for the Group which is determined based on past performance and its expectations for the market development. In view of long economic recession and oversupply of hotels in Japan, the recoverable amount of the hotel operation was significantly decreased in current year and was far below of the carrying amounts.

Based on the above basis and assumptions, impairment loss of approximately HK$10,544,000 (2013: Nil) has been recognised in respect of the goodwill to the extent that the carrying amounts exceeded their recoverable amounts based on the best estimate by the Directors and thus, the impairment was recognised to the consolidated statement of profit or loss for the year ended 31 March 2014.

24. LOAN RECEIVABLES

Group

	2014	**2013**
	HK$'000	*HK$'000*
Fixed rate term loans — secured	1,266	1,266
Fixed rate installment loans — unsecured	1,463	1,464
Variable rate mortgage loans — secured	4,791	4,791
Carrying value	7,520	7,521
Less: Accumulated impairment	(6,908)	(6,909)
	612	612

The mortgage loans bear interest at 0.5% (2013: 0.5%) over prime interest rate in Hong Kong per annum and are repayable by installments up to year 2011. The loans are secured by mortgages over properties placed by the borrowers. The mortgage loans are repayable on demand due to the default on repayment by the borrowers.

The installment loans bear interest ranging from 20% to 40% per annum (2013: 20% to 40% per annum). The repayment terms of the loans are negotiated on an individual basis.

(a) The aging analysis of the past due loan receivables that are not impaired is as follows:

	2014	**2013**
	HK$'000	*HK$'000*
In more than two years	612	612

(b) The Directors consider that the carrying values of loan receivables approximate to their fair values.

(c) The Group has provided fully for all loan receivables that are determined as not recoverable. Based on past experience, the management believed that no impairment allowance is necessary in respect of the remaining balances as there had not been a significant change in credit quality and the Group has hold collaterals over these balances. The movement in the provision of loan receivables is as follows:

	2014	**2013**
	HK$'000	*HK$'000*
At 1 April	6,909	6,904
Impairment loss recognised	–	5
Reversal of impairment loss	(1)	–
At 31 March	6,908	6,909

25. PLEDGED BANK DEPOSITS, BANK BALANCES AND CASH AND BANK OVERDRAFT

Cash and cash equivalents include the following components:

	Group		**Company**	
	2014	**2013**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash at banks and on hand	138,620	30,788	93,292	9,824
Fixed deposits	18,385	329,311	–	181,647
	157,005	360,099	93,292	191,471
Less: Pledged bank deposits				
– Current portion	(49,535)	–	(47,680)	–
– Non-current portion	(4,738)	(6,714)	–	–
	(54,273)	(6,714)	(47,680)	–
Bank balances and cash as stated in the statements of financial position	102,732	353,385	45,612	191,471
Less: Bank overdraft	–	(342)	–	(182)
Cash and cash equivalents	102,732	353,043	45,612	191,289

Bank balances carry interest at floating rates based on daily bank deposits rates. Short-term time deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Group, and earn interest at the respective short-term bank deposits at fixed rates ranging from 0.03% to 0.35% (2013: 0.01% to 0.35%) per annum. The carrying amounts of the fixed deposits, pledged bank deposits, bank balances and cash and bank overdraft approximate to their fair values.

Bank balances and cash, fixed deposits and pledged bank deposits mainly include the following foreign currencies:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
USD	32,788	2,030	66	54
SGD	52,056	342,483	24,461	190,237
JPY	9,946	12,022	7,517	3
CAD	–	608	–	474
Pound Sterling (GBP)	97	–	–	–

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits were classified as non-current assets and current assets in accordance with the repayment term of the secured borrowings.

26. INVENTORIES

Group

The amounts represent food and beverage and other consumables for hotel operations.

27. PROPERTIES UNDER DEVELOPMENT FOR SALE

The Group's carrying amounts of properties under development for sale comprise:

Group

	2014	**2013**
	HK$'000	*HK$'000*
At 1 April	–	1,099,541
Additions	–	121,666
Deemed disposal of subsidiaries *(Note 46)*	–	(1,246,725)
Exchange realignments	–	25,518
At 31 March	–	–

During the year ended 31 March 2013, finance costs of approximately HK$10,326,000 has been capitalised in properties under development for sale.

After the deemed disposal of interests in SingHaiyi during the year ended 31 March 2013, the Group has no outstanding properties under development for sale.

28. ASSETS HELD FOR SALE

Group

	2014	**2013**
	HK$'000	*HK$'000*
At 1 April	–	–
Transfer from investment properties *(Note 19)*	6,450	–
At 31 March	6,450	–

Subsequent to the year end date, the Group has completed the disposal of the investment properties. Details are set out in Note 54(d) to the consolidated financial statements.

29. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2014	**2013**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	18,040	18,029	–	–
Less: Allowance for doubtful debts	(10,056)	(10,056)	–	–
Trade receivables, net of allowance for doubtful debts	7,984	7,973	–	–
Other receivables, deposits and prepayments	52,848	81,627	10,565	1,121
Less: Allowance for doubtful debts	(11,884)	(12,581)	(510)	–
Other receivables, deposits and prepayments, net of allowance for doubtful debts *(Note)*	40,964	69,046	10,055	1,121
Prepaid lease payments — current portion *(Note 18)*	477	477	–	–
	49,425	77,496	10,055	1,121

Note: At 31 March 2013, included in other receivables, deposits and prepayments are mainly the money kept in broker's account regarding the sale of SingHaiyi shares amounted to approximately HK$63,463,000 (equivalent to approximately S$10,132,000).

The Directors considered that the fair values of trade and other receivables are not materially different from their carrying amounts because these amounts have short maturity period on their inception.

The Group allows an average credit period to its trade customers are as follows:

Hotel operations	60 days
Financing operations	30 days

The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on invoices dates, which approximated the respective dates on which revenue was recognised.

	2014	**2013**
	HK$'000	*HK$'000*
0–60 days	414	256
61–90 days	38	57
Over 90 days	7,532	7,660
	7,984	7,973

The aging of trade receivables which are past due but not impaired at the end of the reporting period is as follows:

	2014	2013
	HK$'000	*HK$'000*
0–60 days	38	57
61–90 days	–	–
Over 90 days	7,532	7,660
	7,570	7,717

Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default. Trade receivables that were past due but not impaired as the Group has hold collaterals over the balances. Based on past experience, management believes that no additional provision for impairment is necessary as there is no significant change in credit quality and the balances are considered to be fully recoverable.

The Group has provided fully for all receivables that are determined as not recoverable.

Movement in the allowance for doubtful debts for trade receivables

	2014	2013
1 April	10,056	10,023
Impairment losses recognised	–	33
31 March	10,056	10,056

At the end of the reporting period, the Group's trade receivables were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties.

Movement in the allowance for doubtful debts for other receivables

	Group		Company	
	2014	2013	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
1 April	12,581	12,382	–	–
Bad debts written-off	(28)	(187)	–	–
Impairment losses recognised	–	557	510	–
Exchange realignment	(669)	(171)	–	–
31 March	11,884	12,581	510	–

30. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2014	2013	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Listed securities held for trading:				
Equity securities				
– in Hong Kong	21,824	18,311	21,821	18,307
Equity securities				
– outside Hong Kong	104,526	40,744	50,624	–
Market value of listed securities	126,350	59,055	72,445	18,307

The listed securities are held for trading purpose. Financial assets at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital in the consolidated statement of cash flows.

31. TRADE AND OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2014	2013	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	153	169	–	–
Accrued interests on non-convertible bonds *(Note 36)*	–	1,924	–	1,924
Other payables and accrued expenses	8,734	6,813	1,862	1,329
	8,887	8,906	1,862	3,253

The credit periods granted by its suppliers was ranging from 30 to 60 days (2013: 30 to 60 days). The following is an aged analysis of the trade payables presented based on the invoice date at the end of the reporting period:

	Group		Company	
	2014	2013	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0–60 days	153	166	–	–
61–90 days	–	–	–	–
Over 90 days	–	3	–	–
	153	169	–	–

The carrying amounts of trade and other payables and accruals approximate to their fair values.

32. BORROWINGS

	Group		Company	
	2014	**2013**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Secured borrowings				
Non-current				
Mortgage loans	99,590	61,986	–	–
Current				
Bank borrowings	49,535	955	47,680	–
Mortgage loans	52,181	88,573	–	–
	101,716	89,528	47,680	–
Total borrowings	201,306	151,514	47,680	–

At the end of the reporting period, the above borrowings were repayable as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	101,716	89,528	47,680	–
More than one year but not more than two years	9,352	6,829	–	–
More than two years but not more than five years	29,830	23,867	–	–
More than five years	60,408	31,290	–	–
	201,306	151,514	47,680	–
Less: Amount due within one year shown under current liabilities	(101,716)	(89,528)	(47,680)	–
Amount shown under non-current liabilities	99,590	61,986	–	–

Group

The ranges of effective interest rates (which are also equal to contracted interest rates) on the borrowings are as follows:

	2014		2013	
	Fixed Rate	Floating Rate	Fixed Rate	Floating Rate
Bank borrowings	0.995%–1.356%	N/A	N/A	1% over Bank's cost of funds
Mortgage loans	2.15%	HIBOR (1 month) + 0.7%, HIBOR (3 months) + 1.25%, 1.5% over Bank's cost of funds, SIBOR (3 months) + 1.75%, 1.75% over Bank's SWAP Offer rate (3 months), 1.75% over Bank's SWAP Offer rate	N/A	HIBOR (1 month) + 0.7%, HIBOR (3 months) + 1.25%, 1.5% over Bank's cost of funds, SIBOR (3 months) + 1.75%, 1.5% over Bank's SWAP Offer rate (3 months), 1.75% over Bank's SWAP Offer rate

Company

The effective interest rates (which are also equal to contracted interest rates) on the bank borrowings are ranging from 0.995% to 1.356%.

The carrying amounts of the borrowings are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
HK$	50,946	26,891	26,510	–
SGD	129,190	124,623	–	–
USD	21,170	–	21,170	–
	201,306	151,514	47,680	–

The carrying amounts of the borrowings approximate to their fair values.

33. OBLIGATIONS UNDER A FINANCE LEASE

Group

	2014	2013
	HK$'000	*HK$'000*
Analysed for reporting purposes as:		
Current liabilities	103	–
Non-current liabilities	345	–
	448	–

In September 2012, the Group leased motor vehicle under a finance lease arrangement. The average lease term is 7 years. Interest rates underlying all obligations under a finance lease are fixed at respective contract dates is 3.66% per annum. These leases have no terms of renewal or purchase options and escalations clauses. It classified as finance lease as the term of lease transfer substantially all the risks and rewards of ownership to the Group.

During the year ended 31 March 2014, the Group leased another motor vehicle under a finance lease arrangement. The average lease term is 5 years. Interest rates underlying all obligations under a finance lease are fixed at respective contract dates is 1.88% per annum. These leases have no terms of renewal or purchase options and escalations clauses. It classified as finance lease as the term of lease transfer substantially all the risks and rewards of ownership to the Group.

Group

	Minimum lease payments		**Present value of minimum lease payments**	
	2014	**2013**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amount payable under finance lease				
Within one year	113	–	103	–
More than one year but not more than two years	113	–	103	–
More than two years but not more than five years	264	–	242	–
	490	–	448	–
Less: Future finance charges	(42)	–	N/A	–
Present value of lease obligations	448	–	448	–
Less: Amount due for settlement within 12 months (shown under current liabilities)			(103)	–
Amount due for settlement after 12 months			345	–

The Group's obligations under a finance lease are secured by the lessor's charge over the leased assets.

Finance lease obligations include the following currency:

	2014	**2013**
	'000	*'000*
SGD	73	–

34. AMOUNT DUE TO A DIRECTOR

The amount due to a director, Mr. Chan Heng Fai, is non-trading in nature, unsecured, interest-free and repayable on demand.

35. CONVERTIBLE BONDS

Group

SingHaiyi has issued convertible bonds on 9 November 2010. The principal terms of the convertible bonds are as follows:

Date of issue 9 November 2010

Aggregate principal amount SGD16,320,240

Issue price 97 percent of the principal amount

Interest rate Nil

Maturity date 4 years from the date of issue

Conversion price SGD0.03 (adjusted to SGD0.01151 as a result of the rights issue of SingHaiyi in November 2011)

At 31 March 2012, SingHaiyi has approximately of SGD13,320,000 outstanding convertible bonds, in which SGD13,239,677 are held by Xpress Credit. The outstanding convertible bonds of SGD13,239,677 can be converted into approximately 1,150.3 million shares of SingHaiyi at any time from the date of issue to 8 November 2014.

After elimination of these convertible bonds which issued to Xpress Credit, the movements of liability and equity components of convertible bonds are as follow:

	Liability component		Equity component		Total	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April	–	339	–	190	–	529
Effective interest expense	–	4	–	–	–	4
Conversion *(Note)*	–	(128)	–	(71)	–	(199)
Deemed disposal of subsidiaries *(Note 46)*	–	(215)	–	(119)	–	(334)
At 31 March	–	–	–	–	–	–

Note:

On 18 April 2012 and 27 April 2012, Xpress Credit and other convertible bonds holders of SingHaiyi had converted convertible bonds with a principal amount of approximately SGD13,240,000 and SGD$31,000 into shares of SingHaiyi respectively.

After the deemed disposal of interests in SingHaiyi, the Group has no outstanding convertible bonds.

(a) Conversion period

The convertible bonds may be converted at the prevailing conversion price into validly issued, fully-paid and unencumbered conversion shares, at the option of the bondholder, at any time after the date of issue of the convertible bonds up to the maturity date, in accordance with the terms and conditions of the convertible bonds. The conversion shares will, upon allotment and issue, rank pari passu in all respects with the existing shares, save for any dividends, rights, allotments or other distributions, the record rate for which precedes the date of issue of the conversion shares.

If the convertible bonds are not converted on or before its maturity date, bondholder shall have rights to request SingHaiyi to redeem all (but not less than all) of those bondholders' convertible bonds on the maturity date at 100 percent of the unpaid principal amount on maturity date.

(b) Valuation of liability component

At the date of issue, the convertible bonds were valued by Avista, an independent qualified professional valuer, not connected with the Group. The fair value of liability component was estimated as the present value of a contractually determined stream of future cash flows, upon maturity redemption, discounted at the market yield of bonds with similar credit status and taking into consideration the country risk premium and liquidity risk premium adjustments if appropriate. In subsequent periods, the liability component is carried at amortised cost using the effective interest method. The effective interest rate of the liability component on initial recognition is 15.1% per annum.

36. NON-CONVERTIBLE BONDS

Group and Company

Pursuant to the prospectus of the Company dated 17 February 2011, the Company issued non-convertible bonds with a principal amount of approximately HK$105,633,000 on 11 March 2011. The principal terms of the non-convertible bonds are as follows:

Date of issue	11 March 2011
Aggregate principal amount	HK$105,633,000
Denomination in multiple of	HK$100
Interest rate	15% per annum, payable semi-annually in arrears
Maturity date	10 March 2016
Redemption at the option of the Company	The Company may redeem all or some of the non-convertible bonds from the first anniversary to the maturity date, subject to giving no less than 30 nor more than 60 days of advance notice, at 101% of their principal amount, together with accrued interest

The movement of the liability component of non-convertible bonds for the year is as follow:

	2014	**2013**
	HK$'000	*HK$'000*
At 1 April	107,557	106,501
Interest expense charged for the year	1,346	16,901
Interest expense paid for the year	(3,270)	(15,845)
Early redemption	(105,633)	–
At 31 March	–	107,557

Analysis for reporting purposes as:

	2014	**2013**
	HK$'000	*HK$'000*
Current portion – principal	–	105,633
Current portion – accrued interests *(Note 31)*	–	1,924
	–	107,557

As set out in the Company's announcement dated 28 March 2013, all outstanding non-convertible bonds (the "Bond") with aggregate principal amount of approximately HK$105,633,000 would be redeemed on 30 April 2013 in accordance with the terms and conditions of the Bonds. The withdrawal of the listing of the Bonds on the Stock Exchange had became effective on 16 May 2013.

37. DEFERRED TAXATION

Group

The movements on the major deferred tax liabilities recognised by the Group are as follows:

	Other taxable temporary differences
	HK$'000
At 1 April 2012	277
Credited to consolidated statement of profit or loss *(Note 9)*	(277)
At 31 March 2013	–
Charged to consolidated statement of profit or loss *(Note 9)*	270
At 31 March 2014	270

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK$452,525,000 (2013: HK$386,528,000). The Company has estimated unused tax losses of approximately HK$250,506,000 (2013: HK$159,603,000). No deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of future profit stream. The whole amount of estimated unused tax losses may be carried forward indefinitely.

38. PLEDGE OF ASSETS

Group

As at 31 March 2014, the Group obtained credit facilities of approximately HK$432,274,000 (2013: HK$381,783,000) and the Group utilised of approximately HK$201,754,000 (2013: HK$151,514,000) as at 31 March 2014 which are secured by:

– its land and buildings and prepaid lease payments (Notes 17 and 18) with a total carrying value of approximately HK$22,648,000 (2013: HK$23,151,000).

– its investment properties (Note 19) with carrying values of approximately HK$589,419,000 (2013: HK$511,584,000).

– its bank deposits (Note 25) of approximately HK$54,273,000 (2013: HK$6,714,000).

– its motor vehicle (Note 17) with carrying value of approximately HK$861,000 (2013: HK$ Nil).

39. SHARE CAPITAL

Company

	Par value per share *HK$*	Number of ordinary shares	Amount *HK$'000*
Authorised:			
At 31 March 2013	0.01	1,000,000,000,000	10,000,000
At 31 March 2014 *(Note)*	N/A	N/A	N/A
Issued and fully paid:			
At 1 April 2012	0.01	3,096,961,456	30,970
Exercise of share options *(Note 40)*	0.01	431,122,416	4,311
At 31 March 2013	0.01	3,528,083,872	35,281
Exercise of share options *(Note 40)*	0.01	74,573,300	746
Transfer upon abolition of par value under new Hong Kong Companies Ordinance effective on 3 March 2014	–	–	934,924
At 31 March 2014 *(Note)*	N/A	3,602,657,172	970,951

Note: The Company has no authorised share capital and its share have no par value from the commencement date of the new Hong Kong Companies Ordinance, Cap. 622 (i.e. 3 March 2014).

40. SHARE OPTION SCHEME

(i) Share option scheme adopted on 9 May 2003 ("2003 Share Option Scheme")

On 9 May 2003, a share option scheme (the "2003 Share Option Scheme") was adopted by the Company. The purpose of the 2003 Share Option Scheme is to provide incentives and rewards to eligible persons who contribute to the success of the Group's operations. The 2003 Share Option Scheme will remain in force for 10 years from that date, unless otherwise cancelled or amended. Eligible persons of the 2003 Share Option Scheme include any employees, executives or officers of the Company or any of its subsidiaries (including executive and non-executive directors of the Company or any of its subsidiaries) and any suppliers, consultants, agents, advisors, shareholders, customers, partners or business associates who, in the sole discretion of the Board, have contributed to the Company and/or any of its subsidiaries.

Pursuant to the 2003 Share Option Scheme, the maximum number of shares in respect of which options may be granted is such number of shares which, when aggregated with shares subject to any other share option scheme(s), must not exceed 10% of the issued share capital of the Company from time to time. The maximum number of shares issuable under share options to each eligible person in the 2003 Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to the shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5,000,000, within any 12-month period, are subject to the shareholders' approval in a general meeting.

The Share Offer of a grant of share options may be accepted from the date of the Share Offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determined by the Directors, and commences on a specified date and ends on a date which is not later than 10 years from the date of the Share Offer of the share options or the expiry date of the 2003 Share Option Scheme, whichever is earlier.

The exercise price of the share options is determinable by the Directors, but may not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotations sheet of the Stock Exchange on the date of offer of the grant, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of offer of the grant; and (iii) the nominal value of the Company's shares.

Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

Pursuant to the Company's circular dated 30 July 2013 (the "Circular"), the 2003 Share Option Scheme was expired on 8 May 2013.

The following table discloses details of the Company's share option in issue under the 2003 Share Option Scheme during the year:

31 March 2014

		Number of share options			
Name or category of participant	**Share option type**	**Outstanding at 1 April 2013**	**Exercise during the year**	**Lapsed during the year**	**Outstanding at 31 March 2014**
Directors					
Mr. Chan Heng Fai	2004(b)	123,885,800*	–	(123,885,800)	–*
	2006(a)	49,008,000	(36,800,000)	(12,208,000)	–
Mr. Chan Tong Wan	2004(b)	15,313,500	(15,313,500)	–	–
	2006(a)	5,104,500	(5,104,500)	–	–
Mr. Wong Dor Luk, Peter	2004(b)	3,062,700	–	(3,062,700)	–
Sub-total		196,374,500	(57,218,000)	(139,156,500)	–
Employees and others					
In aggregate	2004(b)	11,231,572	(11,229,900)	(1,672)	–
	2006(a)	6,125,400#	(6,125,400)	–	–#
Sub-total		17,356,972	(17,355,300)	(1,672)	–
Total		213,731,472	(74,573,300)	(139,158,172)	–
Weighted average exercise prices of share options (HK$)		0.1569	0.1551	0.1579	N/A

31 March 2013

Name or category of participant	Share option type	Number of share options: Outstanding at 1 April 2012	Exercise during the year	Cancelled during the year	Outstanding at 31 March 2013
Directors					
Mr. Chan Heng Fai	2004(b)	123,885,800*	–	–	123,885,800*
	2006(a)	49,008,000	–	–	49,008,000
	2010(a)	340,000,000	(340,000,000)	–	–
Mr. Chan Tong Wan	2004(b)	15,313,500	–	–	15,313,500
	2006(a)	5,104,500	–	–	5,104,500
Mrs. Chan Yoke Keow	2004(a)	15,313,500	(15,313,500)	–	–
	2004(b)	35,731,500*	(35,731,500)	–	–*
	2009(b)	18,376,200	(18,376,200)	–	–
Mr. Fong Kwok Jen	2004(b)	4,594,050	(4,594,050)	–	–
Mr. Wong Dor Luk, Peter	2004(b)	3,062,700	–	–	3,062,700
Sub-total		610,389,750	(414,015,250)	–	196,374,500
Employees and others					
In aggregate	2004(b)	21,255,138	(10,023,566)	–	11,231,572
	2006(a)	10,209,000#	(4,083,600)	–	6,125,400#
	2010(b)	3,000,000	(1,500,000)	(1,500,000)**	–
	2011(a)	7,500,000	(1,500,000)	(6,000,000)**	–
Sub-total		41,964,138	(17,107,166)	(7,500,000)	17,356,972
Total		652,353,888	(431,122,416)	(7,500,000)	213,731,472
Weighted average exercise prices of share options (HK$)		0.1423	0.1351	0.1408	0.1569

Details of the share options are as follows:

Share option type	Date of grant	Exercisable period	2014 Exercise price	2013 Exercise price
2004(a)	1 November 2004	1 November 2004 to 8 May 2013	HK$0.1567	HK$0.1567
2004(b)*	15 November 2004	20 November 2004 to 8 May 2013	HK$0.1583	HK$0.1583
2005	27 May 2005	28 May 2005 to 8 May 2013	HK$0.1469	HK$0.1469
2006(a)#	22 May 2006	22 May 2006 to 8 May 2013	HK$0.1534	HK$0.1534
2009(b)	18 February 2009	18 February 2009 to 8 May 2013	HK$0.0684	HK$0.0684
2010(a)	6 August 2010	6 August 2010 to 8 May 2013	HK$0.1340	HK$0.1340
2010(b)	14 September 2010	14 September 2010 to 13 September 2016	HK$0.1400	HK$0.1400
2011(a)	25 March 2011	1 April 2012 to 1 May 2016	HK$0.1410	HK$0.1410

* The exercise of these options was subject to the condition that the audited revenue of the Group on any financial year during the life of the 2003 Share Option Scheme was not less than HK$1 billion, which is calculated based on the accounting policies and presentation adopted by the Group at the date of grant of option. Since the audited revenue of the Group for the year ended 31 March 2008 was over HK$1 billion, the above condition for the share option granted on 15 November 2004 is satisfied and those options are eligible to exercise.

** 7,500,000 share options were cancelled due to termination of services provided by advisors during the year ended 31 March 2013.

\# The exercise of these options was according to the following schedule:

a. 20% of the option shares be exercisable at the date of acceptance; and

b. the balance will be exercisable in equal yearly installments over 4 years with the first installment commencing 1 January 2006.

The vesting period of other share options is the period from the date of grant until the commencement of the exercise period.

Under the 2003 Share Option Scheme, there is no remaining exercisable share option outstanding at the end of the reporting period (2013: 213,731,472) as the 2003 Share Option Scheme was expired on 8 May 2013. As at 31 March 2013, the exercise in full of the remaining exercisable share options represented the subscription for 213,731,472 ordinary shares in the Company at approximately HK$33,539,000, and these outstanding options with approximately one month remaining contractual life.

74,573,300 share options were exercised during the year ended 31 March 2014 (2013: 431,122,416 share options).

During the year ended 31 March 2011, the estimated fair values of the options granted on 6 August 2010, 14 September 2010 and 25 March 2011 are approximately HK$18,480,000, HK$294,000 and HK$592,000 respectively. The inputs for calculating the fair value are shown as follow:

Grant date	6 August 2010 *(Note b)*	14 September 2010 *(Note a)*	25 March 2011 *(Note a)*
Calculation model	Binomial model	Trinomial model	Trinomial model
Exercise price	0.1340	0.1400	0.1410
Expected volatility	71.40%	81.80%	65.40%
Expected life (year)	2.753	6.002	4.233
Risk-free rate	0.530%	1.855%	2.221%
Expected dividend yield	0%	0%	0%
Number of share options granted	400,000,000	3,000,000	7,500,000
Fair value per share option	0.0462	0.0981	0.0790

Expected volatility was determined by using the historical volatility of the Company's share price over the previous years.

Notes:

a) The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

b) The fair value of the share option is determined by Avista, an independent professional qualified valuer. The risk-free interest rate was based on yield of Hong Kong Exchange Fund Note. Expected volatility was determined by using the historical volatility of entities with the business in which the Group is engaged. The value of an option varies with different variables of certain subjective assumptions.

In total, for the year ended 31 March 2013, share-based compensation expense amounted to HK$266,000 has been recognised in the consolidated statement of profit or loss.

(ii) Share option scheme adopted on 28 August 2013 ("New Share Option Scheme")

On 28 August 2013, a new share option scheme (the "New Share Option Scheme") was adopted by the Company. The purpose of the New Share Option Scheme is to motivate eligible persons who contribute to the success of the Group's operations. The New Share Option Scheme will remain in force for 10 years from that date, unless otherwise cancelled or amended. Eligible persons of the New Share Option Scheme include (i) a director or proposed director (including an independent non-executive director) of any member of the Group; (ii) a direct or indirect shareholder of any member of the Group; (iii) a supplier of goods or services to any member of the Group; (iv) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group; (v) a person or entity that provides research, development or other technological support or any advisory, consultancy, professional services to any member of the Group; and (vi) a landlord or tenant (including a sub-tenant) of any member of the Group. Subject to the terms of the New Share Option Scheme, the Board shall be entitled at any time during the life of the New Share Option Scheme to offer the grant of any option to any eligible person as the Board may in its absolute discretion select and the basis of eligibility shall be determined by the Board from time to time.

Pursuant to the New Share Option Scheme, the maximum number of shares in respect of which options may be granted is such number of shares which, when aggregated with shares subject to any other share option scheme(s), must not exceed 10% of the issued share capital of the Company from time to time. The maximum number of shares issuable under share options to each eligible person in the New Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to the shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, are subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the options) of the Company. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5,000,000, within any 12-month period, are subject to the shareholders' approval in a general meeting.

The amount payable upon the acceptance of an option is HK$1.00. The period within which an option must be exercised shall be such period as the Board may in its absolute discretion determine at the time of grant, save that such period shall not be more than 10 years commencing on the date of grant of an option.

The exercise price of the share options is determinable by the Board, but may not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotations sheet of the Stock Exchange on the date of offer of the grant, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of offer of the grant; and (iii) the nominal value of the Company's shares.

No share option was granted under the New Share Option Scheme since it has been adopted on 28 August 2013.

41. RESERVES

Group

The amount of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

During the year ended 31 March 2013, assets revaluation reserve represents change in carrying amount of owner-occupied property when it becomes an investment property that will be carried at fair value. An amount of approximately HK$11,062,000 has been released upon disposal of that investment property.

Company

	Share premium HK$'000	Share-based compensation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2012	853,225	18,721	(591,055)	280,891
Loss for the year, representing total comprehensive expense for the year	–	–	(46,077)	(46,077)
Transfer of reserves upon cancellation of share options *(Note 40)*	–	(621)	621	–
Issue of share upon exercise of share options *(Note 40)*	70,507	(16,584)	–	53,923
Share-based compensation expense recognised	–	266	–	266
At 31 March 2013	923,732	1,782	(636,511)	289,003
Loss for the year, representing total comprehensive expense for the year	–	–	(15,723)	(15,723)
Transfer of reserves upon expiry of share options *(Note 40)*	–	(1,414)	1,414	–
Issue of share upon exercise of share options *(Note 40)*	11,192	(368)	–	10,824
Transfer upon abolition of par value under the new Hong Kong Companies Ordinance effective on 3 March 2014	(934,924)	–	–	(934,924)
At 31 March 2014	–	–	(650,820)	(650,820)

42. OPERATING LEASES

Group

(a) As lessee

Minimum lease payments paid under operating leases during the year:

	2014 HK$'000	2013 HK$'000
Premises	904	850

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

	2014	2013
	HK$'000	*HK$'000*
Within one year	421	1,057
In the second to fifth year inclusive	89	324
	510	1,381

The Group leases a number of rented premises under operating leases. The leases run for an initial period of one to five years (2013: one to five years). None of the leases includes contingent rentals.

(b) ***As lessor***

Property rental income earned during the year was HK$18,968,000 (2013: HK$21,770,000).

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

	2014	2013
	HK$'000	*HK$'000*
Within one year	17,376	16,391
In the second to fifth year inclusive	3,156	10,612
	20,532	27,003

The Group leases its investment properties (Note 19) under operating lease arrangements which run for an initial period of one to three years (2013: two to four years), with an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Group and the respective tenants. None of the leases includes contingent rentals. The properties are expected to generate rental yields of 2.7% (2013: 3.5%) on an ongoing basis.

Company

The Company does not have any significant operating lease commitments or any future minimum lease payments under non-cancellable operating leases as at 31 March 2014 and 31 March 2013.

43. CAPITAL COMMITMENTS

Group

The Group had the following capital commitments at the end of the reporting period:

	2014	2013
	HK$'000	*HK$'000*
Capital expenditure in respect of acquisition of investment properties contracted for but not provided in the consolidated financial statements	20,186	–

Company

The Company does not have any significant commitments at 31 March 2014 and 31 March 2013.

44. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities of the Group and the Company in relation to the corporate guarantee provided were as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Guarantees given to financial institutions in respect of banking facilities granted to subsidiaries *(Note i)*	–	–	405,964	293,903
Guarantees given to financial institutions in respect of banking facilities granted to Corporate Residence Pte. Limited *(Note ii)*	12,945	92,018	12,945	92,018

Notes:

(i) At 31 March 2014, the Company has provided corporate guarantee to its subsidiaries for the amount of approximately HK$405,964,000 (2013: HK$293,903,000) in respect of its banking facilities, in which the ultilised amount was approximately HK$153,626,000 (2013: HK$150,559,000).

(ii) Corporate guarantee was given by the Company to a bank in connection with banking facilities granted to Corporate Residence Pte. Limited, a company which is owned as to 90% by SingHaiyi and 10% by the Group. The extent of the facilities utilised as at 31 March 2013 amounted to approximately HK$92,018,000 (equivalent to SGD14,700,000). During the year ended 31 March 2014, the guarantee was released and replaced by another banking facility in which the Company has provided its proportionate guarantee of SGD21,000,000. The extent of the facilities utilised as at 31 March 2014 amounted to approximately HK$12,945,000 (equivalent to SGD2,100,000).

Since the fair value of the pledged land of Corporate Residence Pte. Limited associated to the facility is sufficient to cover the outstanding loan amount, the Directors consider that the aforesaid guarantee provided to Corporate Residence Pte. Limited will have no material impact on the financial position and operations of the Group and the Company.

Save as aforesaid, neither the Company nor any of its subsidiaries is engaged in litigation or arbitration of material importance and so far as the Directors are aware of, no litigation or claims of material importance are pending or threatened by or against the Company or any of its subsidiaries.

45. RETIREMENT BENEFIT SCHEME

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the MPF Scheme of Hong Kong are held separately from those of the Group in funds under the control of trustees. Under the MPF Scheme, the employers are required to make a monthly contribution of maximum HK$1,250 (2013: HK$1,250) for each employee to the MPF Scheme at rates specified in the rules. The only obligation of the Group in respect of the MPF Scheme is to make the required contributions under the MPF Scheme.

The Group also operates a defined contribution scheme to all employees in Singapore. The assets of the scheme of Singapore is regulated and managed by the Singapore Government. Under this scheme, the employers are required to make contribution to the scheme at the rates specified in rules of the scheme. The only obligation of the Group in respect of the scheme is to make the required contributions under the scheme.

The total cost charged to consolidated statement of profit or loss of approximately HK$526,000 (2013: HK$742,000) represents contributions paid and payable to these schemes by the Group in respect of the year.

No contribution was forfeited during the year ended 31 March 2014 and 31 March 2013.

46. DEEMED DISPOSAL OF SUBSIDIARIES

On 6 August 2012, SingHaiyi entered into a conditional subscription agreement with the Subscriber pursuant to which SingHaiyi has agreed to issue the Singapore dollar denominated CCPS with an aggregate principal amount of SGD94,400,000 (the "Subscription Shares"), and the Subscriber has agreed to subscribe for the CCPS in principal amount of SGD94,400,000 in cash. Subject to the terms and conditions of Subscription Shares, the Subscription Shares may be converted into new ordinary shares of SingHaiyi.

Pursuant to the announcement of SingHaiyi dated 12 October 2012, the Subscriber completed the subscription of the CCPS with principal amount of SGD94,400,000 (equivalent to approximately HK$596,419,000). The principal terms of the CCPS share are as follows:

Date of issue	12 October 2012
Aggregate principal amount	SGD94,400,000
Interest rate	Nil
Conversion period	At any time after the issue date of CCPS but excluding such period(s) during which the register may be closed in accordance with the Companies Act of Singapore
No. of CCPS issued	80
Issue price	SGD1,180,000
Conversion ratio	100,000,000 conversion shares for every 1 CCPS
Voting right	The person registered on the register of members holding the Subscription Share (the "Holder") will not be entitled to vote at any meetings of the Company. Holders shall be entitled to attend class meetings of the Holders and general meeting of the Company.

According to the Company's announcement dated 27 November 2012, SingHaiyi has received a conversion notice from the Subscriber to convert all CCPS into ordinary shares of SingHaiyi. Upon completion of the conversion of CCPS, the Group's equity interests in SingHaiyi was diluted from 52.4% to 19.8%. Accordingly, SingHaiyi ceased to be a subsidiary and became an associate of the Group afterward.

Details of net assets of SingHaiyi at the date of deemed disposal were as follows:

	HK$'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	30,302
Investment properties	155,342
Properties under development for sale	1,246,725
Interests in associates	1,898
Amounts due from associates	145,147
Obligations under a finance lease	(1,718)
Amount due to the Group	(143,621)
Amounts due to non-controlling interests	(54,280)
Trade and other receivables, deposits and prepayments	999
Financial assets at fair value through profit or loss	9
Bank balances and cash	665,007
Trade and other payables and accruals	(172,919)
Borrowings	(910,671)
Liabilities component of convertible bonds	(215)
Non-controlling interests of SingHaiyi's subsidiaries	(3,090)
Net assets disposed of	958,915
Release of non-controlling interests	(765,852)
Other reserve released	(39,411)
Convertible bonds reserve released	(119)
Translation reserve released	(8,630)
	144,903
Gain on deemed disposal	44,962
Total consideration	189,865
Satisfied by:	
Interest in an associate	189,865
Net cash outflow arising on disposal:	
Bank balances and cash disposed of	665,007

After the completion of the deemed disposal, on 25 January 2013, Xpress Credit entered into a placing agreement to place out its remaining 19.8% interest in SingHaiyi at a consideration of approximately HK$217,535,000. The placing was completed on the same date. At a result, gain on disposal of associates of approximately HK$27,670,000 was recorded in consolidated statement of profit or loss for the year ended 31 March 2013.

47. DISPOSAL OF SUBSIDIARIES

During the year ended 31 March 2014, the Group has disposed of a number of subsidiaries due to the group restructuring. All disposed subsidiaries are inactive for the year ended 31 March 2014.

Details of net liabilities of disposed subsidiaries at the date of disposal were as follows:

	HK$'000
Analysis of assets and liabilities over which control was lost:	
Other payables and accruals	(3,172)
Net liabilities disposed of	(3,172)
Release of non-controlling interests	3
Translation reserve released	(31,461)
	(34,630)
Gain on disposal	34,630
Total consideration	–
Satisfied by:	
Cash	–
Net cash outflow arising on disposal:	
Bank balances and cash disposed of	–

48. BUSINESS COMBINATIONS

(a) Acquisition of AHR (formerly known as Ontarget360 Group, Inc.)

On 19 July 2013, the Company acquired an aggregate of 3,279,520 shares of Ontarget360 Group Inc. ("Ontarget360"), a company incorporated in Delaware, USA, and its shares were listed on the Over-The-Counter Bulletin Board in USA, with a total consideration of approximately HK$2,269,000 (equivalents to USD292,000), which representing 94.9% equity interests of Ontarget360.

Ontarget360 is principally engaged in internet marketing agency services and its principal place of business is in Delaware. Upon the completion of the acquisition, Ontarget360 became a directly owned subsidiary of the Company.

AHR is a wholly-owned subsidiary of the Company which established by the Company on 13 September 2013 for the sole purpose of facilitating Ontarget360's reincorporation in Maryland, where is the most common state domicile for real estate investment trust ("REITs"). The board of directors of Ontarget360 unanimously approved the adoption of a proposal that Ontarget360 merge into and with AHR (the "Merger"), the Company signed a written consent approving the Merger on 11 October 2013 and the agreement and plan of the Merger between Ontarget360 and AHR was effective on 3 February 2014. References are made to the Company's announcement dated 6 December 2013.

Details of identifiable net liabilities acquired on 19 July 2013 and goodwill of AHR are as follows:

	2014
	HK$'000
Consideration transferred	
Cash	2,269
Recognised amounts of identifiable liabilities assumed	
Other payable and accrued expenses representing total identified net liabilities	144
Non-controlling interests	(7)
	137
Goodwill	2,406
Net cash outflow arising on acquisition	
Cash consideration paid	(2,269)

(b) Acquisition of GMR

On 5 September 2013, the Group has entered into the term sheet with the representative of the shareholders of Scoop Media, Inc. ("Scoop") to acquire 7,500,000 shares of the common stock of Scoop. Scoop is a company incorporated in Nevada, USA, and its shares were listed on the Over-The-Counter Bulletin Board in USA, with a total consideration of approximately HK$1,863,000 (equivalents to USD240,000), which representing 93.7% equity interests of Scoop.

Scoop is principally engaged in internet marketing agency services and its principal place of business is in Nevada. Upon the completion of the acquisition, Scoop became a directly owned subsidiary of the Company.

For the purpose to re-domicile from Nevada to Maryland, Scoop has entered into an agreement and plan of conversion between Scoop and GMR, a company incorporated in Maryland, where is the most common state domicile for REITs, pursuant to which Scoop will convert into GMR whereby each shareholder of Scoop will exchange one share of common stock of, USD0.001 par value per share of Scoop into one share of common stock, USD0.001 par value per share of GMR with effect from 15 January 2014. As a result, the stockholders of Scoop automatically became a stockholder of GMR and ceased to be a stockholder of Scoop.

Details of identifiable net liabilities acquired on 30 September 2013 and goodwill of GMR are as follows:

	2014
	HK$'000
Consideration transferred	
Cash	1,863
Recognised amounts of identifiable liabilities assumed	
Accrued liabilities representing total identified net liabilities	151
Non-controlling interests	(10)
	141
Goodwill	2,004
Net cash outflow arising on acquisition	
Cash consideration paid	(1,863)

49. RELATED PARTIES TRANSACTIONS

Group

(a)

	2014	**2013**
	HK$'000	*HK$'000*
Sansui Resorts Limited		
Accountancy and administrative support fee income	–	110

The Directors are of the opinion that the transactions were entered into a normal commercial term and in the ordinary course of the Group's business.

(b) The remuneration of key management personnel, which are the Directors, during the year, was as follows:

	2014	2013
	HK$'000	*HK$'000*
Directors' fees, salaries, allowances and benefits in kind	35,820	54,506
Contribution to defined contribution plans	146	120
	35,966	54,626

The remuneration of the Directors are determined by the remuneration committee having regard to the performance of individuals and market trends.

Apart from the above, the Group did not have any other significant related parties transactions for the years ended 31 March 2014 and 2013.

50. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

(a) During the year ended 31 March 2013, the Group disposed of 640,027,000 shares of SingHaiyi at consideration of approximately HK$76,560,000.The gain between the cash consideration received and the carrying value of net assets disposed of amounting to approximately HK$25,263,000 was recognised in equity as other reserve and an increase of approximately HK$51,297,000 was recognised in the non-controlling interests.

(b) On 18 April 2012 and 27 April 2012, Xpress Credit and the convertible bonds holders of SingHaiyi have converted a principal amount of SGD13,240,000 and SGD31,000 convertible bonds of SingHaiyi respectively.

The gain between the carrying value of convertible bonds disposed of and the carrying value of net assets acquired of amounting to approximately HK$15,493,000 was recognised in equity as other reserve and a decrease of approximately HK$15,294,000 was recognised in the non-controlling interests.

(c) On 26 April 2012 and 30 May 2012, Sing Haiyi entered into two subscription agreements with third parties in issuance of 123,000,000 and 243,000,000 new ordinary shares in the capital of SingHaiyi at an issue price of SGD0.0162 and SGD0.0126 for each placing share respectively.

The third parties subscribed all shares at a consideration of approximately HK$31,209,000 which was satisfied in cash. The gain between the cash consideration received and the carrying value of net assets disposed of amounting to approximately HK$2,529,000 was recognised in equity as other reserve and an increase of approximately HK$28,680,000 was recognised in the non-controlling interests.

51. FINANCIAL INSTRUMENTS

Categories of financial instruments

Financial assets

	Group		Company	
	2014	**2013**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Available-for-sale financial assets	3,334	2,089	–	–
Financial assets at fair value through profit or loss	126,350	59,055	72,445	18,307
Loans and receivables:				
– Pledged bank deposits	54,273	6,714	47,680	–
– Trade and other receivables and deposits	39,552	76,440	878	775
– Loan receivables	612	612	–	–
– Amounts due from subsidiaries	–	–	630,762	621,401
– Bank balances and cash	102,732	353,385	45,612	191,471
	197,169	437,151	724,932	813,647
Total	326,853	498,295	797,377	831,954

Financial liabilities

	Group		Company	
	2014	**2013**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial liabilities measured at amortised cost				
– Trade and other payables and accruals	8,887	8,906	1,862	3,253
– Bank overdraft	–	342	–	182
– Borrowings	201,306	151,514	47,680	–
– Obligations under a finance lease	448	–	–	–
– Amounts due to subsidiaries	–	–	387,633	398,631
– Amount due to a director	61,165	7,520	61,165	7,520
– Non-convertible bonds	–	105,633	–	105,633
Total	271,806	273,915	498,340	515,219

Financial risk management objectives and policies

The Group's major financial instruments including available-for-sale financial assets, pledged bank deposits, financial assets at fair value through profit or loss, trade and other receivables and deposits, loan receivables, amounts due from subsidiaries, bank balances and cash, trade and other payables and accruals, bank overdraft, borrowings, obligations under a finance lease, amounts due to subsidiaries, amount due to a director and non-convertible bonds. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments including market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The Group mainly operates in Hong Kong, Singapore, Japan and North America with most of the transactions denominated and settled in HK$, SGD, JPY and USD respectively. Foreign currency risk arises from financial assets, liabilities and transactions which were denominated in currencies other than the functional currencies of the Group entities. The management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

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

	Group		**Company**	
	2014	**2013**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Net financial assets (liabilities)				
SGD	36,669	215,813	75,084	190,237
JPY	9,729	12,290	7,517	3
USD	25,422	4,006	(21,019)	54
GBP	1,390	–	–	–
CAD	609	629	–	474
	73,819	232,738	61,582	190,768

Sensitivity analysis

The Group is mainly exposed to USD, SGD, JPY, GBP and CAD.

The following table details the Group's and the Company's sensitivity to a 5% (2013: 5%) increase and decrease in USD, SGD, JPY, GBP and CAD against the HK$, with all other variables held constant. 5% (2013: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates until the next reporting period. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and foreign currencies other than the functional currencies of the group entities and adjusts their translation at the year end for a 5% (2013: 5%) change in foreign currency rates.

Group

	USD Impact		SGD Impact		JPY Impact		GBP Impact		CAD Impact		Total Impact	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Effect on (loss) profit after income tax	763	140	1,522	9,005	301	380	56	–	23	26	2,665	9,551

Company

	USD Impact		SGD Impact		JPY Impact		CAD Impact		Total Impact	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Effect on loss after income tax	(631)	2	3,116	7,895	233	–	–	18	2,718	7,915

Interest rate risk

The Group's income and operating cash flows would be affected by the changes of market interest rates. The Group's exposure to market risk for changes in interest rates mainly arises from bank borrowings. Bank borrowings arranged at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. At 31 March 2014, approximately 69% (2013: 100%) of the bank borrowings bore interest at floating rates. The interest rate and repayment terms of the bank borrowings outstanding at year end are disclosed in Note 32.

The Group has exposure to cash flow interest rate risk through the impact of the rate changes on bank balances and bank borrowing which are carried at variable interest rate.

The Directors consider the Group's exposure of the bank deposits to fair value interest rate risk is not significant as interest bearing bank deposits at fixed rate are within short maturity periods in general.

At 31 March 2014, if interest rates had increased or decreased by 1% and all other variables were held constant, the Group's (loss) profit after income tax for the year and accumulated losses would increase or decrease by approximately HK$1,394,000 (2013: HK$1,515,000). This is mainly attributable to the Group's exposure to floating interest rates of the floating rate bank borrowings.

Other price risk

The Group and the Company is exposed to equity price risk arising from listed investments classified as financial assets at fair value through profit or loss.

Management's best estimate of the effect on the Group's and the Company's (loss) profit after income tax due to a reasonably possible change in the relevant stock market index, with all other variables held constant, at the end of the reporting period is as follows (in practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material):

	Group		Company	
	2014	**2013**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Increase (decrease) in (loss) profit after income tax				
Hong Kong – Hang Seng Index				
+ 30%	5,468	5,494	5,466	5,492
– 30%	(5,468)	(5,494)	(5,466)	(5,492)
Singapore – Straits Times Index				
+ 20%	17,170	7,925	8,404	–
– 20%	(17,170)	(7,925)	(8,404)	–
U.S.A – Dow Jones Industrial Average Index				
+ 20%	131	224	–	–
– 20%	(131)	(224)	–	–

Credit risk

At the end of the reporting period, the maximum exposure of the Group/Company to credit risk which will cause a financial loss to the Group/Company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group/Company. The carrying amounts of available-for-sale financial assets, pledged bank deposits, financial assets at fair value through profit or loss, trade and other receivables and deposits, loan receivables and bank balances and cash represent the maximum exposure to credit risk in relation to its financial assets. The carrying amounts of these financial assets presented in the statements of financial position are net of impairment losses, if any. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables and loan receivables, individual credit evaluations are performed on all debtors requiring credit and loan receivables over a certain amount. These evaluations focus on the debtors' past history of making payments when due and current ability to pay, and take into account information specific to the debtors as well as pertaining to the economic environment in which the debtors operates. Trade receivables are due within 30-60 days from the date of billing. The Group obtains collateral from customers in respect of certain trade receivables and loan receivables.

The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit-ratings agencies.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables and loan receivables are set out in Notes 29 and 24, respectively.

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of bank balances deemed adequate by the management to finance the Group's/Company's operations investment opportunities and expected expansion. The Group/Company finances its working capital requirements mainly by the funds generated from operations and from fund raising activities such as placement of new shares and issuance of warrants.

At the end of the reporting period, the Group's/Company's financial liabilities have contractual maturities which are summarised below:

At 31 March 2014

Group

	Weighted average effective interest rate	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total undiscounted cash flows	Carrying amounts
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade and other payables and accruals	–	8,887	–	–	–	8,887	8,887
Borrowings *(Note)*	0.91-2.15	105,131	11,825	35,920	68,729	221,605	201,306
Obligations under a finance lease	1.88	113	113	264	–	490	448
Amount due to a director	–	61,165	–	–	–	61,165	61,165
		175,296	11,938	36,184	68,729	292,147	271,806

At 31 March 2014

Company

	Weighted average effective interest rate	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total undiscounted cash flows	Carrying amounts
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade and other payables and accruals	–	1,862	–	–	–	1,862	1,862
Borrowings	1.00-1.36	48,177	–	–	–	48,177	47,680
Amounts due to subsidiaries	–	387,633	–	–	–	387,633	387,633
Amount due to a director	–	61,165	–	–	–	61,165	61,165
		498,837	–	–	–	498,837	498,340

At 31 March 2013

Group

	Weighted average effective interest rate	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total undiscounted cash flows	Carrying amounts
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade and other payables and accruals	–	8,906	–	–	–	8,906	8,906
Bank overdraft	4	350	–	–	–	350	342
Borrowings *(Note)*	0.91-2.13	92,472	7,965	25,928	33,938	160,303	151,514
Amount due to a director	–	7,520	–	–	–	7,520	7,520
Non-convertible bonds	15	108,900	–	–	–	108,900	105,633
		218,148	7,965	25,928	33,938	285,979	273,915

At 31 March 2013

Company

	Weighted average effective interest rate	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total undiscounted cash flows	Carrying amounts
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade and other payables and accruals	–	3,253	–	–	–	3,253	3,253
Bank overdraft	4	189	–	–	–	189	182
Amounts due to subsidiaries	–	398,631	–	–	–	398,631	398,631
Amount due to a director	–	7,520	–	–	–	7,520	7,520
Non-convertible bonds	15	106,689	–	–	–	106,689	105,633
		516,282	–	–	–	516,282	515,219

The above contractual maturities reflect the undiscounted cash flows, which may differ to the carrying values of the liabilities at the end of the reporting period.

Note:

Included in interest-bearing bank loans of the Group are term loans with an aggregate principal amounting to HK$27,583,000 (2013: HK$78,286,000) of which the respective loan agreements contain a repayment on-demand clause giving the bank the unconditional right to call the loans at any time and therefore, for the purpose of the above maturity profile, the total amount is classified as "on demand".

Notwithstanding the above clause, the Directors do not believe that these loans will be called in their entirely within 12 months, and they consider that the loans will be repaid in accordance with the maturity dates as set out in the respective loan agreements. This evaluation was made considering: the financial position of the Group at the date of approval of the consolidated financial statements; the Group's compliance with the loan covenants; the lack of events of default; and the fact that the Group has made all previously scheduled repayments on time.

Fair value

This note provides information about how the Group and the Company determines fair values of various financial assets.

Fair value of the Group's and the Company's financial assets that are measured at fair value on a recurring basis

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

Group

Financial assets	Fair value as at 31 March 2014	Fair value as at 31 March 2013	Fair value hierarchy	Valuation technique(s) and key input(s)
Listed equity securities classified as financial assets at fair value through profit or loss in the statement of financial position	Assets – approximately HK$126,350,000	Assets – approximately HK$59,055,000	Level 1	Quoted bid prices in an active market

Company

Financial assets	Fair value as at 31 March 2014	Fair value as at 31 March 2013	Fair value hierarchy	Valuation technique(s) and key input(s)
Listed equity securities classified as financial assets at fair value through profit or loss in the statement of financial position	Assets – approximately HK$72,445,000	Assets – approximately HK$18,307,000	Level 1	Quoted bid prices in an active market

There were no transfers between Level 1, 2 and 3 in the current and prior years.

Group

Fair value hierarchy:

Financial assets at fair value through profit or loss	**2014**			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial assets held for trading	126,350	–	–	126,350

Financial assets at fair value through profit or loss	**2013**			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial assets held for trading	59,055	–	–	59,055

Company

Fair value hierarchy:

Financial assets at fair value through profit or loss	**2014**			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial assets held for trading	72,445	–	–	72,445

Financial assets at fair value through profit or loss	**2013**			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial assets held for trading	18,307	–	–	18,307

52. CAPITAL RISK MANAGEMENT

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

The Directors also balance its overall capital structure periodically. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, new shares issue as well as of warrants. The Directors will also consider the raise of long-term borrowings as second resource of capital when investment opportunities arise and the return of such investments will justify the cost of debts from the borrowings and bank overdraft.

	2014	**2013**
	HK$'000	*HK$'000*
Debts	201,754	257,489
Bank balances and cash and pledged bank deposits	(157,005)	(360,099)
Net debts	44,749	(102,610)
Equity represented by total equity excluding non-controlling interests	826,798	904,396
Net debts to equity ratio	5%	(11%)

The Directors also endeavour to ensure the steady and reliable cash flow from the normal business operation.

Notes:

(i) Debt is defined as long and short-term borrowings, as detailed in Notes 25, 32, 33 and 36 respectively.

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

53. COMPARATIVE FIGURES

In order to conform with the current year presentation, the gain on disposal of financial assets at fair value through profit or loss in the consolidated statement of profit or loss for the year ended 31 March 2013 has been reclassified. Reclassification adjustment is made to reclassify gain on disposal of financial assets at fair value through profit or loss amounting to approximately HK$6,524,000 to revenue and a separate line for turnover to show the gross proceeds of the disposal. Such reclassification/presentation has no impact on the Group's profit for the year ended 31 March 2013.

Details of the reclassification are provided as follows:

	Amount original stated	Reclassification	Amount as restated
	HK$'000	*HK$'000*	*HK$'000*
Items on consolidated statement of profit or loss for the year ended 31 March 2013			
Turnover – gross proceeds	–	105,130	105,130
Revenue	50,110	6,524	56,634
Gain on disposal of financial assets at fair value through profit or loss	6,524	(6,524)	–

54. EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) As set out in the Company's announcement dated 27 February 2014, on the same date, Corporate Space Pte Ltd ("CSPL"), a company incorporated in Singapore with limited liability which is an indirect wholly-owned subsidiary of the Company has entered into a definitive sale and purchase agreement with OEL (Holdings) Limited ("OEL"), a company incorporated in Singapore with limited liability, the shares of which are listed on the SGX-ST regarding the disposal of the entire issued and paid-up share capital of each of Singapore Service Residence Pte Ltd ("SSRPL"), a company incorporated in Singapore with limited liability which is a wholly-owned subsidiary of CSPL and Expats Residences Pte Ltd ("ERPL"), a company incorporated in Singapore with limited liability which is a wholly-owned subsidiary of CSPL at an aggregate consideration of SGD53.9 million (approximately HK$328.8 million) (the "SPA"). Details of the transactions have been disclosed in the Company's announcements dated 16 January 2014, 11 February 2014 and 27 February 2014, respectively.

As set out in the Company's announcement dated 9 May 2014, on the same date, the Company, CSPL and OEL have entered into a mutual termination agreement to terminate the SPA and that neither party has any claim against the others.

(b) As set out in the Company's announcement dated 17 April 2014, GMR has entered into an agreement with an independent third party (the "Seller") 15 April 2014 to acquire a licensed medical facility, a long-term acute care hospital in Omaha, USA, a five-year-old 41,113 square feet hospital building (the "Medical Facility") from the original developer for a consideration of USD21,710,000 (approximately HK$168,470,000) (the "Transaction"). The building has 10 years remaining on its lease with annual rent increases and multiple options to renew on same terms. The hospital operator and tenant is Select Medical Corporation, a New York Stock Exchange-listed company that manages nearly one hundred American hospitals. The 56-bed facility serves patients with prolonged serious medical conditions who require intense and special treatment longer than 25 days. Details of the Transaction have been disclosed in the Company's announcement dated 25 March 2014.

As set out in the Company's announcement dated 6 June 2014, GMR's wholly owned subsidiary, GMR Omaha, LLC, has completed the Transaction and will consolidate revenue and profit with effect from 6 June 2014.

(c) GMR Omata, LLC., a wholly owned subsidiary of GMR, entered into a term loan and security agreement on 5 June 2014, with Capital One, National Association, a commercial bank incorporated and located in USA, to borrow USD15,060,000 (equivalent to HK$116,817,000), which bear an interest rate of 4.91% per annum. Loan repayment shall begin on 1 August 2014 and be due and payable on 5 June 2017.

(d) In April and June 2014, the Group has disposed two of its investment properties which are located in Hong Kong with a total consideration of approximately HK$6,470,000.

3. AUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2015

The following is the full text of the audited consolidated results of the Group for the year ended 31 March 2015 which has been released on 26 June 2015.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 March 2015

	Notes	**2015** *HK$'000*	**2014** *HK$'000*
Revenue	*3*	60,661	32,483
Cost of operations		(15,343)	(13,532)
Gross profit		45,318	18,951
Other income		2,631	1,655
Other gains and losses	*4*	11,888	11,557
Administrative expenses		(99,417)	(69,513)
Finance costs	*5*	(10,248)	(4,651)
Share of loss of an associate		(1,288)	(222)
Share of loss of a joint venture		(209)	–
Loss before taxation	*6*	(51,325)	(42,223)
Income tax (expense) credit	*7*	(4,005)	113
Loss for the year		(55,330)	(42,110)
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		(46,340)	(15,963)
Reclassification of exchange reserve on disposal of subsidiaries to profit or loss		–	(31,461)
		(46,340)	(47,424)
Total comprehensive expense for the year		(101,670)	(89,534)

	Notes	2015 HK$'000	2014 HK$'000
Loss for the year attributable to:			
Owners of the Company		(54,920)	(43,503)
Non-controlling interests		(410)	1,393
		(55,330)	(42,110)
Total comprehensive expense attributable to:			
Owners of the Company		(99,727)	(89,168)
Non-controlling interests		(1,943)	(366)
		(101,670)	(89,534)
Loss per share (HK cents)	8		(restated)
Basic and diluted		(1.42)	(1.14)

Consolidated Statement of Financial Position
At 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		34,685	36,379
Investment properties		844,901	711,914
Interest in an associate		2,782	3,120
Interest in a joint venture		731	–
Deposit for acquisition of investment properties		775	–
Available-for-sale financial assets		2,718	3,334
Pledged bank deposits		6,711	4,738
		893,303	759,485
Current assets			
Inventories		200	215
Accounts receivable, deposits and prepayments	9	31,298	48,948
Loan receivables		–	612
Financial assets at fair value through profit or loss		39,855	126,350
Pledged bank deposits		56,649	49,535
Restricted bank balances		1,335	–
Bank balances and cash		47,087	102,732
		176,424	328,392
Investment properties classified as held for sale	10	99,142	6,450
		275,566	334,842
Current liabilities			
Accounts payable and accruals	11	23,419	8,887
Bank and other borrowings – due within one year		210,564	165,681
Obligations under finance leases		205	103
Amounts due to a director		–	61,165
Tax liabilities		282	481
		234,470	236,317
Net current assets		41,096	98,525
Total assets less current liabilities		934,399	858,010

	2015	2014
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	189,595	970,951
Reserves	557,265	(144,153)
Total equity attributable to owners of the Company	746,860	826,798
Non-controlling interests	(7,568)	(5,028)
Total equity	739,292	821,770
Non-current liabilities		
Rental deposits received	1,609	–
Bank and other borrowings – due after one year	188,937	35,625
Obligations under finance leases	561	345
Deferred tax liabilities	4,000	270
	195,107	36,240
Total equity and non-current liabilities	934,399	858,010

Notes to the Consolidated Financial Statements
For the year ended 31 March 2015

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and with applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") and by the Hong Kong Companies Ordinance (Cap. 622). In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements. The consolidated financial statements have been prepared on the historical cost basis except for investments properties and certain financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

The Group has applied for the first time in the current year the following amendments to HKFRSs and a new Interpretation issued by the HKICPA:

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

The application of the amendments to HKFRSs and a new Interpretation in the current year has had no material effect on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to HKAS 1	Disclosure Initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[4]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[3]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[4]

[1] Effective for annual periods beginning on or after 1 January 2018

[2] Effective for annual periods beginning on or after 1 January 2017

[3] Effective for annual periods beginning on or after 1 July 2014

[4] Effective for annual periods beginning on or after 1 January 2016

[5] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

3. REVENUE AND SEGMENT INFORMATION

	2015	**2014**
	HK$'000	*HK$'000*
Revenue is analysed as follows:		
Rental income	41,086	18,968
Income from hotel operations	6,666	7,090
Dividend income from financial assets at fair value through profit or loss	6,343	5,987
Property management fee income	6,276	–
Interest income	290	438
	60,661	32,483

Information reported to the Board, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance is based on different business activities of the Group. This is also the basis upon which the Group is organised and managed. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

During the year, the Group has expanded its property investment business in the United States of America (the "USA") through two subsidiaries namely American Housing REIT Inc. ("AHR") and Global Medical REIT Inc. ("GMR"). Accordingly, the Group's reportable segments under HKFRS 8 are as follows:

a) Securities trading and investment

b) Property investment and management in the USA by AHR and GMR

c) Property investment other than AHR and GMR

d) Hotel operations

In addition, the money lending operations and property development businesses are included under "Others" and not presented as separate reportable segments. The Group has continued to identify new property development projects in Singapore, the USA and other jurisdictions.

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

Segment revenue, results and assets

For the year ended 31 March 2015

	Securities trading and investment	Property investment and management in the USA by AHR and GMR	Property investment other than AHR and GMR	Hotel operations	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	6,393	30,389	16,973	6,666	240	60,661
Segment results	16,432	(3,079)	9,400	(4,658)	(133)	17,962
Unallocated corporate income						102
Unallocated corporate expenses						(67,175)
Unallocated finance costs						(717)
Share of loss of an associate						(1,288)
Share of loss of a joint venture						(209)
Loss before taxation						(51,325)
Income tax expenses						(4,005)
Loss for the year						(55,330)
Segment assets	58,944	230,499	716,156	7,790	–	1,013,389
Interest in an associate						2,782
Interest in a joint venture						731
Unallocated assets						151,967
Total assets						1,168,869

For the year ended 31 March 2014

	Securities trading and investment	Property investment and management in the USA by AHR and GMR	Property investment other than AHR and GMR	Hotel operations	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	6,380	1,422	17,546	7,090	45	32,483
Segment results	(2,319)	(3,633)	21,417	(5,352)	(1,833)	8,280
Unallocated corporate income						1,341
Unallocated corporate expenses						(84,492)
Unallocated finance costs						(1,760)
Gain on disposal of subsidiaries						34,630
Share of results of an associate						(222)
Loss before taxation						(42,223)
Income tax credit						113
Loss for the year						(42,110)
Segment assets	138,176	63,087	658,015	9,320	756	869,354
Interest in an associate						3,120
Unallocated assets						221,853
Total assets						1,094,327

4. OTHER GAINS AND LOSSES

	2015	2014
	HK$'000	*HK$'000*
Increase (decrease) in fair value of financial assets at fair value through profit or loss	10,764	(7,225)
Increase in fair value of investment properties	6,996	4,590
Loss arising from acquisition of subsidiaries	–	(4,410)
Impairment loss recognised in respect of goodwill	–	(10,544)
Impairment loss recognised in respect of available-for-sale financial assets	(616)	–
Impairment loss recognised in respect of other receivables (note 9)	(1,721)	–
Gain on disposal of subsidiaries	–	34,630
Bad debts written-off in respect of trade and other receivables	(851)	(1,509)
Loss on disposal of property, plant and equipment	(10)	(30)
Exchange loss, net	(2,674)	(3,945)
	11,888	11,557

5. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interests on:		
bank and other borrowings	9,985	3,298
finance leases	20	7
bonds	–	1,346
Other finance costs	243	–
	10,248	4,651

6. LOSS BEFORE TAXATION

	2015	2014
	HK$'000	*HK$'000*
Loss before taxation has been arrived at after charging:		
Total staff costs:		
Directors' emoluments	19,480	35,966
Other staffs:		
Salaries and other benefits	22,254	17,134
Retirement benefit scheme contributions	821	526
	42,555	53,626
Auditor's remuneration		
– audit services	1,710	805
– non-audit services	168	–
Operating lease payments	2,617	904
Depreciation of property, plant and equipment	2,164	1,738
Cost of inventories recognised as an expense	1,700	1,745
after crediting:		
Rental income from investment properties	41,086	18,968
Less: direct outgoings	(10,293)	(8,718)
	30,793	10,250

7. INCOME TAX EXPENSE (CREDIT)

	2015	2014
	HK$'000	*HK$'000*
The charge (credit) comprises:		
Hong Kong Profits Tax		
Overprovision in prior years	–	(680)
Tax in other jurisdictions	275	297
Deferred taxation	3,730	270
	4,005	(113)

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

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as there is no assessable profits in Hong Kong for both years.

Singapore income tax is calculated at 17% of profit before income tax. According to the relevant Singapore tax regulations, certain Singapore subsidiaries of the Group enjoyed the partial tax exemption during the years ended 31 March 2015 and 31 March 2014.

The subsidiaries in the USA are subject to Federal Income Tax of 35% and State Tax of 5% to 8.25% on the taxable income. Certain subsidiaries are LLCs which are by default disregarded entities (i.e. viewed as divisions of the holding company) and taxed as part of their holding company for federal and state tax purposes.

8. LOSS PER SHARE

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

	2015	**2014**
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of basic and diluted loss per share	(54,920)	(43,503)

	2015	**2014**
	'000	*'000*
		(restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	3,867,147	3,811,266

The computation of the diluted loss per share for the current and prior years does not assume the exercise of the Company's share options, because this would result in a decrease in the loss per share.

Weighted average number of ordinary shares for 2015 and 2014 has been calculated taking into account the bonus element of the open offer of one share of the Company for every ten existing shares that completed in April 2015.

9. ACCOUNTS RECEIVABLE, DEPOSITS AND PREPAYMENTS

	2015	**2014**
	HK$'000	*HK$'000*
Trade receivable	1,836	7,984
Prepayments for professional fees in respect of the proposed secondary listing	–	9,177
Deposits placed in brokers' accounts	19,089	11,826
Other receivables, deposits and prepayments	5,534	13,059
	26,459	42,046
Amounts due from an investee	6,560	6,902
Impairment in relation to amounts due from an investee	(1,721)	–
	4,839	6,902
	31,298	48,948

Trade receivables represents the rental receivables and hotel room revenue receivables.

The settlement terms of rentals receivable are upon presentation of demand notes. Rental receivables in the USA are initially received by the property managers appointed by the Group as collection agent. Pursuant to agreements between the property mangers and the Group, the property managers shall pay the rental collected on behalf of the Group within 30 days.

Hotel room revenue is normally settled by cash or credit card.

The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on invoice dates, which approximates the respective dates on which revenue was recognised.

	2015	**2014**
	HK$'000	*HK$'000*
0–60 days	1,836	414
61–90 days	–	38
Over 90 days	–	7,532
	1,836	7,984

The aging of accounts receivable which is past due but not impaired at the end of the reporting period is as follows:

	2015	**2014**
	HK$'000	*HK$'000*
0–60 days	–	38
Over 90 days	–	7,532
	–	7,570

Accounts receivable that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default. Accounts receivable that was past due but not impaired as the Group has hold collaterals over the balances. Based on past experience, the management believes that no additional provision for impairment is necessary as there is no significant change in credit quality and the balances are considered to be fully recoverable.

During the year, the Group has reviewed the recoverable amount, with reference to the estimated proceeds from the disposal, of amounts due from an investee and considered an impairment of HK$1,721,000 is required.

10. INVESTMENT PROPERTIES CLASSIFIED AS HELD FOR SALE

In March 2015, the Group entered into agreements with independent third parties for the disposal of certain investment properties located in Singapore for an aggregate cash consideration of approximately HK$99,142,000. The fair value of investment properties classified as held for sale is determined with reference to the contracted selling price, which is classified as a Level 3 fair value measurement. The Directors of the Company assessed whether the held-for-sale criteria set out in HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are met. Taking into account (a) the fact that the subject properties are immediately available for sale and (b) the conditions to be met to complete the disposal as set out in the terms of the relevant agreement, the Directors of the Company believe that the disposals are expected to complete in July 2015 and accordingly the relevant investment properties were classified as held for sale at 31 March 2015.

All investment properties classified as held for sale are under charge to secure bank borrowings of the relevant group entities.

Investment properties classified as held for sale at 31 March 2014 represented the investment properties located in Hong Kong with the carrying amount of HK$6,450,000. The disposal was completed during the current year.

11. ACCOUNTS PAYABLE AND ACCRUALS

	2015	**2014**
	HK$'000	*HK$'000*
Accounts payable	561	153
Rental deposits	2,821	3,422
Real estate tax payable	1,052	–
Deposits received for disposal of investment properties	851	372
Receipt in advance in relation to the open offer of the Company's shares	11,299	–
Other payables and accruals	6,835	4,940
	23,419	8,887

All trade payables are aged within 60 days.

4. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 April, 2015, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group has outstanding borrowings of approximately HK$432.5 million, comprising mortgage loans of approximately HK$94.7 million, bank loans of approximately HK$337.0 million and obligation under a finance lease of HK$0.8 million. The Group's bank borrowings were secured by certain land and buildings and prepaid lease payments, investment properties, financial assets at fair value through profit or loss, bank deposits and motor vehicle of the Group with carrying value of approximately HK$1,011.0 million.

On 29 June 2015, completion of the Share Purchase Agreement took place which has resulted in the Offeror becoming the controlling shareholder of the Company. This, in turn, may give rise to a possible event of default under the terms of certain of the existing loans provided by licensed financial institutions to the Group with an aggregate outstanding balance of approximately HK$64.8 million. The lenders of such loans may demand the immediate repayment of the outstanding loans. A lender with an outstanding loan amount of approximately HK$27.1 million has demanded an orderly accelerated repayment of the loan. The Group will liaise with the lender to arrange repayment in an orderly manner in accordance with the terms of the loan. The Group and the Offeror are now negotiating with the remaining lender that has not yet given its consent in respect of the change of control requested by the Group. As at the Latest Practicable Date, there is no finalized repayment plan in place and even if the remaining lender do not grant the waiver, the Group will have sufficient cash and can forthwith repay the loans and any accrued interest. As at the Latest Practicable Date, the total debt position of the Group is approximately HK$418.6 million and the available banking facilities is approximately HK$34.4 million.

As at 30 April 2015, the Group provided a financial guarantee to a bank in respect of banking facilities granted to a then subsidiary (which was partly disposed of and the retained interest by the Group is now 10% and classified as available-for-sale financial assets). The aggregate amount that could be required to be paid if the guarantee was called upon is approximately HK$11.9 million.

Save as aforesaid and apart from the intra-Group liabilities, none of the companies in the Group had outstanding at the close of business on 30 April, 2015 any mortgages, charges or debentures, loan capital, bank overdraft, loans, borrowings, debt securities or other similar indebtedness or any hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities.

5. MATERIAL CHANGE

The Directors confirm that, save and except for the following, there had been no material change in the financial or trading position or outlook of the Group since 31 March 2014 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to and including the Latest Practicable Date:

(i) As disclosed in the annual results announcement for the year ended 31 March 2015 published by the Company on 26 June 2015, there have been certain material changes in the financial or trading position or outlook of the Group since 31 March 2014 and, in particular, the Directors note as follows;

(a) there was an increase in the investment properties as a result of the acquisition of single family homes and medical facilities in the USA for an aggregate amount of US$35.8 million which contributed to the Group's revenue of approximately HK$30.4 million for the year;

(b) as at 31 March 2015, the Group had bank balances and cash, restricted bank balances and pledged bank deposits amounting to approximately HK$111.8 million (31 March 2014: HK$157.0 million) which was mainly attributable to net effect of the sale of financial assets, the settlement of daily operating expenses, professional fees (including but not limited to the annual audit fees and professional fees and other expenses in relation to the proposed secondary AIM listing and other fund raising exercises), acquisition of investment properties, repayment of amount due to a director and trade and other payables;

(c) there was an increase in investment properties classified as held for sale to approximately HK$99.1 million (31 March 2014: HK$6.5 million) which was mainly due to the Group entered into agreements with independent third parties in March 2015 for the disposal of certain investment properties located in Singapore for an aggregate cash consideration of approximately HK$99.1 million;

(d) there was an increase in total borrowings to approximately HK$400.3 million (31 March 2014: HK$201.8 million) which was mainly due to bank financing for the acquisition of SFRs under AHR and medical facilities under GMR in the USA during the year; and

(e) there was an decrease in share capital to approximately HK$189.6 million (31 March 2014: HK$971.0 million) which was due to the capital reduction of the Company completed in October 2014 and the subscription of new shares completed in May 2014.

(ii) The Company raised gross proceeds of approximately HK$36.6 million through an open offer that was completed in April 2015.

(iii) On 16 June 2015, on mutual understanding, a property management agreement in respect of which the Group was the property manager was terminated. The fees from the property management agreement were US$65,000 per month.

(iv) On 29 June 2015, completion of the Share Purchase Agreement took place which has resulted in the Offeror becoming the controlling shareholder of the Company. This, in turn, may give rise to a possible event of default under the terms of certain of the existing loans provided by licensed financial institutions to the Group with an aggregate outstanding balance of approximately HK$64.8 million. The lenders of such loans may demand the immediate repayment of the outstanding loans. A lender with an outstanding loan amount of approximately HK$27.1 million has demanded an orderly accelerated repayment of the loan. The Group will liaise with the lender to arrange repayment in an orderly manner in accordance with the terms of the loan. The Group and the Offeror are now negotiating with the remaining lender that has not yet given its consent in respect of the change of control requested by the Group. As at the Latest Practicable Date, there is no finalized repayment plan in place and even if the remaining lender do not grant the waiver, the Group will have sufficient cash and can forthwith repay the loans and any accrued interest. As at the Latest Practicable Date, the total debt position of the Group is approximately HK$418.6 million and the available banking facilities is approximately HK$34.4 million.

1. RESPONSIBILITY STATEMENT

The sole director of the Offeror is Ms. Huang Yanping, who solely accepts full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Group) and confirms, having made all reasonable enquiries, that to the best of her knowledge, opinions expressed in this Composite Document (other than those expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document relating to the Group and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document relating to the Group have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL OF THE COMPANY

The issued share capital of the Company as at the Latest Practicable Date is as follows:

Issued and fully paid:	*HK$*
4,031,419,969 Shares	226,327,826.85

All of the Shares currently in issue rank pari passu in all respects with each other including rights to dividends, voting and return of capital.

As at the Latest Practicable Date, the Company did not have any outstanding options, warrants, derivatives or other conversion rights affecting the Shares.

The number of Shares in issue as at 31 March, 2015, being the date to which the latest audited financial statements of the Company were made up, was 3,655,657,172. Save for the 365,565,717 Shares and 10,197,080 Shares issued by the Company pursuant to the Open Offer and the share option scheme respectively, no Shares have been issued since 31 March, 2015 up to and including the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS

(i) Directors

As at the Latest Practicable Date, interests of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as adopted by the Company or pursuant to the requirements under the Takeovers Code, were as follows:

(a) Ordinary shares of the Company

Name of Director	Capacity in which interests are held	Number of Shares held	Approximate percentage of the issued share capital of the Company *(%)*
Chan Heng Fai	Beneficial owner	71,042,730 (L)	1.76
	Interest of controlled corporations *(Note 1)*	180,677,436 (L)	4.48
	Interest of spouse *(Note 2)*	150,000,000 (L)	3.72
		401,720,166 (L)	9.96
Chan Yoke Keow	Beneficial owner	150,000,000 (L)	3.72
	Interest of spouse *(Note 3)*	251,720,166 (L)	6.24
		401,720,166	9.96
Chan Tong Wan	Beneficial owner	35,027,873 (L)	0.87
Fong Kwok Jen	Beneficial owner	10,864,523 (L)	0.27
Wong Dor Luk, Peter	Beneficial owner	308,000 (L)	0.01

Notes:

1. These Shares are owned by Heng Fai Holdings Limited (formerly known as Heng Fai Master Holdings Limited), which are ultimately owned by a discretionary trust established by Mr. Chan Heng Fai as settler and Credit Suisse Trust Limited as trustee.

2. Mr. Chan Heng Fai is the spouse of Ms. Chan Yoke Keow. He is deemed to be interested in the Shares held by Ms. Chan Yoke Keow under the SFO.

3. Ms. Chan Yoke Keow is the spouse of Mr. Chan Heng Fai. She is deemed to be interested in the Shares held by Mr. Chan Heng Fai under the SFO.

(L) denotes long position

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of, the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange or pursuant to the requirements under the Takeovers Code.

(ii) Substantial Shareholders

As at the Latest Practicable Date, the following persons (other than a Director or a chief executive of the Company) had an interest or short position in the Shares or underlying Shares (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

(a) The Company

Name	Capacity in which interests are held	Number of Shares held	Approximate percentage of the issued share capital of the Company *(%)*
The Offeror	Beneficial owner	2,212,547,776 (L)	54.88
Huang Yanping	Interest of Controlled Corporation	2,212,547,776 (L)	54.88

(b) Subsidiaries of the Company

Name of subsidiaries	Name of substantial shareholder	Approximate percentage of the issued share capital of the companies *(%)*
Xpress Finance Limited	MBf Asia Capital Corporation Holdings Limited	18%
Inter-American Group Holdings Inc.	Jeffrey Busch	15%

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified of any interests or short positions in the Shares and underlying Shares which are required to be recorded in the register required to be kept by the Company under section 336 of the SFO.

4. DEALINGS IN SECURITIES OF THE COMPANY

During the Relevant Period, save as disclosed below, no Directors have dealt for value in any of the Shares or any convertible securities, warrants, options or derivatives issued by the Company:

Name of Director	Date of dealing	Nature of dealing	Number of relevant Shares dealt	Purchase price per Share
Chan Heng Fai	23 April 2015	Acquired Shares pursuant to the Open Offer	155,374,009	HK$0.10
	29 June 2015	Sale pursuant to the Share Purchase Agreement	2,108,637,150	HK$0.3305
Chan Yoke Keow	23 April 2015	Acquired Shares pursuant to the Open Offer	82,286,710	HK$0.10
	29 June 2015	Sale pursuant to the Share Purchase Agreement	103,910,626	HK$0.3305
Chan Tong Wan	23 April 2015	Acquired Shares pursuant to the Open Offer	3,184,351	HK$0.10
Fong Kwok Jen	23 April 2015	Acquired Shares pursuant to the Open Offer	1,199,793	HK$0.10
	12 June 2015	Exercise of Share Options	10,197,080	HK$0.1128
	3 July 2015	Sale via open market	12,460,000	HK$0.3864
Wong Dor Lok, Peter	23 April 2015	Acquired Shares pursuant to the Open Offer	28,000	HK$0.10

5. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims of material importance and so far as the Directors are aware, no litigation or arbitration or claims of material importance are pending or threatened by or against any member of the Group.

6. DIRECTORS' SERVICE CONTRACTS

On 2 December 2014, a service contract was entered into between the Company and Mr. Chan Heng Fai for a term of three years commencing from 1 October, 2013. The service contract provides for a basic salary of HK$800,000 per month, together with a performance bonus (a) referenced to the annual return on equity of the Group, not to exceed 10 months basic salary, (b) plus 2% of any increase in the audited net asset value of the Group from the last fiscal year. In the event that either party terminate the service contract, the terminated party shall be entitled to receive, and the terminating party shall pay and transfer to the terminated party, as liquidated damages, a lump sum equal to the sum which would have been payable by the Company to Mr. Chan as gross salary (excluding bonus, if applicable), not to exceed 12 months of salary, in respect of the unexpired term of the service contract on the date notice of termination is given.

On 2 December 2014, a service contract was entered into between the Company and Ms. Chan Yoke Keow for a term of three years commencing from 1 October, 2013 (supplemented by an addendum date 17 June 2015). The service contract provides for a basic salary plus housing allowance of HK$430,000 per month. In the event that either party terminate the service contract, the terminated party shall be entitled to receive, and the terminating party shall pay and transfer to the terminated party, as liquidated damages, a lump sum equal to the sum which would have been payable by the Company to Ms. Chan as gross salary (excluding bonus, if applicable), not to exceed 3 months of salary, in respect of the unexpired term of the service contract on the date notice of termination is given.

On 2 December 2014, a service contract was entered into between the Company and Mr. Chan Tong Wan for a term of three years commencing from 1 October, 2013. The service contract provides for a basic salary of HK$208,333 per month, together with (a) a bonus referenced to "Key Performance Indicator(s)" to be annually determined by the Remuneration Committee and (b) a vested bonus referenced to ROE which may be partially or fully "clawed back" based on the prevailing 3-year historical ROE. In the event that either party terminate the service contract, the terminated party shall be entitled to receive, and the terminating party shall pay and transfer to the terminated party, as liquidated damages, a lump sum equal to the sum which would have been payable by the Company to Mr. Chan as gross salary (excluding bonus, if applicable), not to exceed 3 months of salary, in respect of the unexpired term of the service contract on the date notice of termination is given.

Save as disclosed above, as at the Latest Practicable Date, there was no service contract entered into between any of the Directors and the Company or any of its subsidiaries or associated companies in force which:

(i) (including both continuous and fixed term contracts) have been entered into or amended within 6 months before the commencement of the Share Offer Period;

(ii) are continuous contracts with a notice period of 12 months or more; or

(iii) are fixed term contracts with more than 12 months to run irrespective of the notice period.

7. INTERESTS IN THE COMPANY AND THE OFFEROR AND ARRANGEMENTS IN CONNECTION WITH THE SHARE OFFER

The Company

(a) As at the Latest Practicable Date, the Company was not interested in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror, and had not dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror during the Relevant Period.

(b) Save as disclosed in the paragraph headed "3. Disclosure of interests" above, as at the Latest Practicable Date, none of the Directors was interested in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Offeror. Save for the entering into of the Share Purchase Agreement and the paragraph headed "4. Dealings in securities of the Company" above, none of the Directors had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Offeror during the Relevant Period.

(c) As at the Latest Practicable Date, none of the subsidiaries of the Company, the pension fund of the Company or of its subsidiaries, or the adviser to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code owned or controlled any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, or had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Offer Period.

(d) As at the Latest Practicable Date, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" under the Takeovers Code during the Offer Period.

(e) As at the Latest Practicable Date, there was no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which were managed on a discretionary basis by fund managers connected with the Company, and none of them had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Offer Period.

(f) Save as disclosed in the paragraph headed "3. Disclosure of interests" above, as at the Latest Practicable Date, none of the Directors held any beneficial shareholdings in the Company which would otherwise entitle them to accept or reject the Share Offer.

(g) As at the Latest Practicable Date, none of the Company or the Directors had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

(h) There was no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code which exists between the Company, or any person who is an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of associate, and any other person, or between any other associate of the Company and any other person.

The Offeror

(a) As at the Latest Practicable Date, save for the arrangement under the Facility there was no agreement, arrangement or understanding that the Shares acquired in pursuance of the Shares Offer would be transferred, charged or pledged to any other persons.

(b) Save for the Offeror's interest in the Sale Shares pursuant to the Share Purchase Agreement, the Offeror as well as Ms. Huang Yanping (who is the sole director of the Offeror) was not interested in, and none of the parties acting in concert with the Offeror owned or controlled any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, and had not dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period.

(c) Save for the Letter of Undertaking from the Guarantor and the Vendors, none of the Offeror, its ultimate beneficial owners and/or parties acting in concert with it has received any irrevocable commitment to accept or reject the Share Offer during the Relevant Period from any Independent Shareholders, including the Directors. Pursuant to the Letter of Undertaking, the Guarantor and the Third Vendor who are Directors of the Company have given an irrevocable undertaking not to accept the Share Offer and dispose of their remaining Shares during the Share Offer Period. The remaining Directors intend to accept the Share Offer if the market price is lower than Offer Price or may sell in the market some or all of their shares if the market price (net of transaction costs) is higher than the Share Offer Price in circumstances where they are not otherwise barred from selling in the market.

(d) Save for the Share Purchase Agreement, there was no person with whom the Offeror or any parties acting in concert with it has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code and accordingly no such person had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period.

(e) None of the Offeror, its ultimate beneficial owner and/or parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period.

(f) No relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company was managed on a discretionary basis by any fund managers connected with the Offeror, its ultimate beneficial owners and/or parties acting in concert with them, and none of them had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period.

(g) As at the Latest Practicable Date, save for the Share Purchase Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company and which might be material to the Share Offer.

(h) As at the Latest Practicable Date, save for the Share Purchase Agreement, there is no agreement or arrangement to which the Offeror, its ultimate beneficial owner and/or parties acting in concert with it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke the condition to the Share Offer.

(i) As at the Latest Practicable Date, there was no agreement, arrangement or understanding (including any compensation arrangement) existing between the Offeror or any person acting in concert with it and any Director, recent Directors, Shareholders or recent Shareholders having any connection with or being dependent upon the Share Offer.

(j) None of the Offeror, its ultimate beneficial owner or parties acting in concert with any of them has entered into any arrangements or contracts in relation to the outstanding derivatives in respect of securities in the Company nor has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

8. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date,

(a) there was no arrangement whereby any Directors would be given any benefit as compensation for loss of office or otherwise in connection with the Share Offer;

(b) there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Share Offer or otherwise connected with the Share Offer; and

(c) there was no material contract entered into by the Offeror in which any Director has a material personal interest.

9. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following are the qualifications of the experts who have given its report, opinion or advice which are contained in this Composite Document:

Name	Qualifications
Alliance Capital Partners Limited	a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
V Baron Global Financial Services Limited	a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

Each of Alliance Capital Partners Limited and V Baron Global Financial Services Limited has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter, report and/or references to its name in the form and context in which it is included.

10. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by any member of the Group) were entered into by members of the Group after the date two years before the commencement of the Offer Period up to and including the Latest Practicable Date which are or may be material:

(a) On 13 January 2014, the Company, Corporate Space Pte Ltd ("CSPL"), a company incorporated in Singapore with limited liability which is an indirect wholly owned subsidiary of the Company and OEL (Holdings) Limited ("OEL"), a company incorporated in Singapore with limited liability, the shares of which are listed on the SGX-ST, entered into a conditional and legally binding heads of agreement (supplemented on 11 February 2014), under which CSPL has agreed to sell, and OEL has agreed to purchase of the entire issued and paid-up share capital of each of Singapore Service Residence Pte Ltd ("SSRPL") and Expats Residences Pte Ltd ("ERPL"), companies incorporated in Singapore with limited liability which are wholly owned subsidiaries of CSPL, for an aggregate consideration of S$53.9 million. A definitive sale and purchase agreement ("SPA") was entered into between the parties on 28 February 2014. On 9 May 2014, the parties entered into a mutual termination agreement to terminate the SPA and that no party has any claim against any other party;

(b) On 28 March 2014, a loan agreement was entered into between Mr. Chan Heng Fai and the Company, pursuant to which Mr. Chan Heng Fai has agreed to grant an interest free loan of HK$60,000,000 to the Company for the purpose of the funding its US REIT investments. The loan is interest free, unsecured and repayable on demand by Lender;

(c) On 15 April 2014, Global Medical REIT, Inc. ("GMR"), a subsidiary of the Company entered into a sale and purchase agreement with LTACH Landlord, LLC ("LTACH"), pursuant to which GMR has agreed to acquire and LTACH has agreed to dispose of, a 56-bed long term acute care hospital located at 1870 S 75th Street, Omaha, Nebraska for a purchase price of approximately US$21.7 million. The acquisition was completed on 5 June 2014;

(d) On 6 May 2014, Ms. Teo Kim Hong (the "Subscriber") and the Company entered into a subscription agreement, pursuant to which the Subscriber has agreed to subscribe for, and the Company has agreed to issue to the Subscriber, 53,000,000 new shares of the Company at the subscription price of HK$0.36 per share with an aggregate subscription price of HK$19,080,000. The subscription was completed on 22 May 2014 and the new shares was allotted and issued accordingly;

(e) On 19 June 2014, GMR entered into a sale and purchase agreement with HHA Asheville, LLC ("HHA"), pursuant to which GMR has agreed to acquire for and HHA has agreed to dispose of an approximately 8,840 square foot medical office building known as the Orthopedic Surgery Center, located in Asheville, North Carolina for approximately $2.52 million. The acquisition was completed on 19 September 2014;

(f) On 9 December 2014, the Company entered into a placing agreement with BMI Securities Limited ("BMI"), whereby the Company has agreed to issue and BMI has agreed, on a best efforts basis, to act as placing agent to procure subscribers to subscribe for such number of series of 5.5% to 7.5% bonds in an aggregate principal amount of up to HK$500 million due on the day immediately preceding the third to eight anniversary of their respective date(s) to be issued by the Company. As at the Latest Practicable Date, there is no bond in issue;

(g) On 9 February 2015, Expats Residences Pte Ltd ("Expats"), a subsidiary of the Company has entered into an option to purchase agreement with an individual third party buyer ("Buyer"), pursuant to which Expats has agreed to offer to sell to the Buyer a residential unit located at 38 Dakota Crescent #14-09 Singapore 399938 for a consideration of S$2,550,000. The disposal was completed on 20 April 2015;

(h) On 27 February 2015, the Company entered into an underwriting agreement with Mr. Chan Heng Fai ("Underwriter"), pursuant to which the Underwriter has agreed to underwrite all offer shares other than those undertaken to be applied for by the Underwriter and Heng Fai Holdings Limited under the Open Offer. The Underwriter's commission was HK$300,457.30, and details of the Open Offer was disclosed in the prospectus of the Company dated 26 March 2015;

(i) On 25 March, 2015, China Credit Singapore Pte Ltd. ("CCSPL"), a subsidiary of the Company has entered into an option to purchase agreement with an individual third party buyer ("Buyer"), pursuant to which CCSPL has agreed to offer to sell to the Buyer the properties situated at No. 35 & No. 36 North Canal Road, Singapore 059291 and Singapore 059292 respectively at a consideration of S$15,000,000. The offer was accepted by the Buyer on 15 April 2015 and the completion is expected to be on 8 July 2015; and

(j) On 14 April 2015, Expats has entered into an option to purchase agreement with an individual third party buyer, pursuant to which Expats has agreed to offer to sell to the buyer a residential unit located at 40 Dakota Crescent #09-13 Singapore 399939 for a consideration of S$2,530,000. The Share Offer was accepted by the Buyer on 29 April 2015 and the completion is expected to be on 14 July 2015.

11. MARKET PRICES

(a) The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period immediately preceding the Share Offer Period and up to the Latest Practicable Date were HK$0.5200 per Share on 2 June 2015 and HK$0.1090 per Share on 4 March 2015 respectively.

(b) The table below sets out the closing prices of the Shares as quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day, which is also the last Business Day immediately preceding the date of the Joint Announcement; and (iii) the Latest Practicable Date:

Date	**Closing price per Share** *HK$*
31 December 2014	0.2770
30 January 2015	0.1200
27 February 2015	0.1120
31 March 2015	0.1300
24 April 2015 (Last Trading Day)	0.2550
30 April 2015	Suspended
30 May 2015	0.4900
30 June 2015	0.4300
3 July 2015 (Latest Practicable Date)	0.3650

12. GENERAL

(a) The registered office of the Company is situated at 24th Floor, Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong.

(b) The registered office of the Offeror is situated at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands and its correspondence Hong Kong address is 24/F., Wyndham Place, 40–44 Wyndham Street, Central, Hong Kong.

(c) The registered office of Alliance Capital Partners Limited is situated at Unit 318, 3/F, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong.

(d) The registered office of the Independent Financial Adviser, being V Baron Global Financial Services Limited, is situated at 18/F., Prosperity Tower, 39 Queen's Road Central, Hong Kong.

(e) The joint company secretaries of the Company are Ms. Chan Suk King, Zoe *ACCA, AHKICPA, ACIS, ACS* and Mr. Yuen Ping Man, *MBA, FCIS, FCS, MHKSI, MIHRM(HK), MIPS(HK), MHKIM, MCIM, RFP*.

(f) The share registrar of the Company is Tricor Friendly Limited situated at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(g) The English text of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts in the case of any inconsistency.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on (i) the website of the SFC (www.sfc.hk) and (ii) the Company's website (www.hengfaienterprises.com) during the period from the date of this Composite Document up to and including the Closing Date:

(a) the articles of association of the Company;

(b) the memorandum and articles of association of the Offeror;

(c) the audited annual results announcement of the Company for the year ended 31 March 2015;

(d) the annual reports of the Company for the two financial years ended 31 March, 2013 and 2014 respectively;

(e) the letter from the Board, the text of which is set out on pages 19 to 24 of this Composite Document;

(f) the letter from the Independent Board Committee, the text of which is set out on pages 25 to 26 of this Composite Document;

(g) the letter from the Independent Financial Adviser, the text of which is set out on pages 27 to 56 of this Composite Document;

(h) the consent letter from each of Alliance Capital Partners Limited and V Baron Global Financial Services Limited referred to in the paragraph headed "9. Qualifications and consents of experts" in this Appendix;

(i) the letter of Undertaking;

(j) the material contracts referred to in the paragraph headed "10. Material Contracts" in this Appendix;

(k) the service contracts of the Directors referred to in the paragraph headed "6. Directors' Service Contracts" in this Appendix; and

(l) the Facility Agreement.