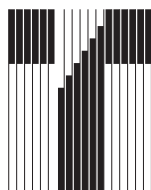


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TERN PROPERTIES COMPANY LIMITED

太興置業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 277)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Notes	2014 HK\$'000	2013 HK\$'000
Turnover	3	88,969	79,277
Property expenses		(1,442)	(1,290)
Gross profit		87,527	77,987
Realised loss on disposal of loans and receivables		–	(360)
Realised (loss) gain on disposal of financial assets held for trading		(2,670)	5,834
Unrealised (loss) gain on financial assets held for trading		(4,072)	11,102
Dividend income		620	620
Interest income		11,056	13,095
Other operating income		440	318
Increase in fair value of investment properties		158,410	550,257
Administrative expenses		(25,969)	(21,883)
Profit from operations	5	225,342	636,970
Finance costs		(2,501)	(4,207)
Share of results of associates		38,062	78,303
Profit before taxation		260,903	711,066
Taxation	6	(10,057)	(8,595)
Profit and total comprehensive income for the year and attributable to owners of the Company		<u>250,846</u>	<u>702,471</u>
Earnings per share			
Basic and diluted	8	<u>HK\$0.82</u>	<u>HK\$2.28</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current assets			
Investment properties		3,090,737	2,932,664
Property, plant and equipment		13,206	13,284
Leasehold land		67,716	68,752
Interests in associates		381,139	350,233
Available-for-sale investments		2,161	2,161
Deferred rental income		1,640	660
		3,556,599	3,367,754
Current assets			
Trade and other receivables	9	6,419	7,132
Financial assets held for trading		113,098	124,163
Leasehold land – current portion		1,036	1,036
Deferred rental income – current portion		1,468	751
Tax recoverable		40	123
Pledged bank deposits		20,002	–
Bank balances and cash		19,890	38,446
		161,953	171,651
Current liabilities			
Trade and other payables	10	6,550	5,860
Rental deposits from tenants		25,617	26,631
Tax liabilities		2,612	2,106
Secured bank loans – due within one year		25,281	12,910
		60,060	47,507
Net current assets		101,893	124,144
Non-current liabilities			
Deferred tax liabilities		20,250	18,577
Secured bank loans – due after one year		116,120	184,503
		136,370	203,080
Net assets		3,522,122	3,288,818
Capital and reserves			
Share capital		229,386	153,879
Reserves		3,292,736	3,134,939
		3,522,122	3,288,818

Notes:

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 (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain investment properties and financial instruments that are measured at fair values at the end of each reporting period.

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

New and revised HKFRSs applied with no material effects on the consolidated financial statements

The accounting policies and methods of computation used in these financial statements are the same as those followed in the preparation of the Group’s financial statements for the year ended 31 March 2013, except for the following amendments to HKFRSs that the Group has applied for the first time in the current year. The application of these new and revised HKFRSs has had no material impact on the Group’s financial performance and positions for the current and prior years but may affect the accounting for future transactions or arrangements.

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

New and revised HKFRSs in issue but not yet effective

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

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

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

² Effective for annual periods beginning on or after 1 July 2014

³ Effective for annual periods beginning on or after 1 January 2016

⁴ No mandatory effective date yet determined but is available for adoption

3. TURNOVER

Turnover represents the aggregate of amounts received and receivable from property rental income.

4. OPERATING SEGMENTS

For management purposes, the Group is currently organised into two operating segments, namely property investment and treasury investment.

For property investment, the segment represents the operations of property investment and property leasing. Discrete financial information is provided to the Board on a property by property basis. The information provided is net rentals (including gross rent and property expenses), valuations gains/(losses), profit/(loss) on disposal of investment property and share of profit from the associates. The individual properties with similar economic characteristics are aggregated into segments for presentation purposes.

For treasury investment, the segment represents the investment result in debt and equity securities. Financial information is provided to the Board on a company basis. The information provided include the investments in financial assets held for trading, bank balances and fair value change in financial assets held for trading.

Business information

2014

	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover	88,969	–	88,969
Property expenses	(1,442)	–	(1,442)
Gross profit	87,527	–	87,527
Realised loss on disposal of financial assets held for trading	–	(2,670)	(2,670)
Unrealised loss on financial assets held for trading	–	(4,072)	(4,072)
Dividend income	–	620	620
Interest income	1	11,055	11,056
Other operating income	314	126	440
Increase in fair value of investment properties	158,410	–	158,410
Administrative expenses	(25,921)	(48)	(25,969)
Profit from operations	220,331	5,011	225,342
Finance costs	(2,450)	(51)	(2,501)
Share of results of associates	38,062	–	38,062
Profit before taxation	255,943	4,960	260,903
Taxation	(10,057)	–	(10,057)
Profit for the year	<u>245,886</u>	<u>4,960</u>	<u>250,846</u>

At 31 March 2014

	Property investment HK\$'000	Treasury investment HK\$'000	Total HK\$'000
Segment assets	3,579,597	138,955	3,718,552
Segment liabilities	(176,377)	(20,053)	(196,430)
Net assets	<u>3,403,220</u>	<u>118,902</u>	<u>3,522,122</u>
Other segment information:			
Depreciation and amortisation	3,005	–	3,005
Addition to property, plant and equipment	<u>1,891</u>	<u>–</u>	<u>1,891</u>

2013

	Property investment HK\$'000	Treasury investment HK\$'000	Total HK\$'000
Turnover	79,277	–	79,277
Property expenses	(1,290)	–	(1,290)
Gross profit	77,987	–	77,987
Realised loss on disposal of loans and receivables	–	(360)	(360)
Realised gain on disposal of financial assets held for trading	–	5,834	5,834
Unrealised gain on financial assets held for trading	–	11,102	11,102
Dividend income	–	620	620
Interest income	2	13,093	13,095
Other operating income	318	–	318
Increase in fair value of investment properties	550,257	–	550,257
Administrative expenses	(21,809)	(74)	(21,883)
Profit from operations	606,755	30,215	636,970
Finance costs	(4,028)	(179)	(4,207)
Share of results of associates	78,303	–	78,303
Profit before taxation	681,030	30,036	711,066
Taxation	(8,595)	–	(8,595)
Profit for the year	<u>672,435</u>	<u>30,036</u>	<u>702,471</u>

At 31 March 2013

	Property investment HK\$'000	Treasury investment HK\$'000	Total HK\$'000
Segment assets	3,391,555	147,850	3,539,405
Segment liabilities	(250,584)	(3)	(250,587)
Net assets	<u>3,140,971</u>	<u>147,847</u>	<u>3,288,818</u>
Other segment information:			
Depreciation and amortisation	2,275	–	2,275
Addition to investment properties	24,638	–	24,638
Addition to property, plant and equipment	<u>8,254</u>	<u>–</u>	<u>8,254</u>

Geographical information

Over 90% of the activities of the Group during the year were carried out in Hong Kong and over 90% of the assets of the Group were located in Hong Kong. Accordingly, a geographical analysis is not presented.

Information on major customers

Included in revenue arising from rental income of HK\$89.0 million (2013: HK\$79.3 million) were rental revenue of approximately HK\$18.3 million (2013: HK\$17.1 million) which arose from the Group's largest tenant. No other single customers contributed 10% or more to the Group's revenue for both 2014 and 2013.

5. PROFIT FROM OPERATIONS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit from operations has been arrived at after charging:		
Auditors' remuneration	380	350
Exchange loss	393	106
Depreciation	1,969	1,239
Amortisation of leasehold land	1,036	1,036
Staff costs (including Directors' remuneration)	15,228	14,265
Mandatory provident fund contributions	159	107
Total staff costs	<u>15,387</u>	<u>14,372</u>
and after crediting:		
Dividend income	620	620
Gross rental income from investment properties	88,969	79,277
Less: Direct operating expenses from investment properties that generated rental income	(1,018)	(783)
Direct operating expenses from investment properties that did not generate rental income	(424)	(507)
Net rental income	<u>87,527</u>	<u>77,987</u>

6. TAXATION

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Tax expenses attributable to the Company and subsidiaries		
Hong Kong Profits Tax		
Current year	8,392	6,636
Other jurisdiction		
(Over) under provision in previous years	(8)	20
	<u>8,384</u>	<u>6,656</u>
Deferred tax expenses		
Current year	1,673	1,939
	<u>10,057</u>	<u>8,595</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. Overseas taxation is calculated at the rates prevailing in the relevant jurisdictions. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. Those tax losses may be carried forward indefinitely.

7. DIVIDENDS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interim, paid – HK2.2 cents per share (2013: HK2.0 cents per share)	6,771	6,156
Final, proposed – HK3.8 cents per share (2013: HK3.5 cents per share)	<u>11,695</u>	<u>10,771</u>
	<u>18,466</u>	<u>16,927</u>

The final dividend of HK3.8 cents per share (2013: HK3.5 cents per share) has been proposed by the directors and is subject to approval by the shareholders in annual general meeting.

8. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit for the year of HK\$250,846,000 (2013: HK\$702,471,000) and on weighted average number of 307,758,522 (2013: 307,758,522) ordinary shares in issue during the year.

Diluted earnings per share are the same as basic earnings per share for both years, as the Company had no dilutive potential ordinary shares outstanding in either year.

9. TRADE AND OTHER RECEIVABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables	141	242
Other receivables		
Interest receivables	2,507	2,394
Utilities deposits	3,047	3,368
Prepayments	658	983
Others	<u>66</u>	<u>145</u>
	<u>6,419</u>	<u>7,132</u>

Included in trade receivables are rental receivables with defined credit policy. The rental income is billed in advance each month. Immediate settlement is expected upon receipt of billing by the tenants.

The rental receivables had an age of less than 30 days at the end of both reporting periods. No provision has been made for the receivables.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

10. TRADE AND OTHER PAYABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade payables	2,440	1,807
Other payables		
Accrued interest	200	180
Unclaimed dividend	253	237
Accrued expenses	3,366	3,414
Others	291	222
	<u>6,550</u>	<u>5,860</u>

Included in trade payables is prepaid rental from tenants. The prepaid rental from tenants had an age of less than 30 days at the end of both reporting periods.

The directors consider that the carrying amount of trade and other payables approximates their fair value.

11. CONTINGENT LIABILITIES

At the end of the reporting period, there were contingent liabilities, so far as not provided for in the financial statements, in respect of guarantees for the banking facilities made available to:

	THE GROUP		THE COMPANY	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Subsidiaries	–	–	141,401	197,413
Associates	4,000	15,500	4,000	15,500
	<u>4,000</u>	<u>15,500</u>	<u>145,401</u>	<u>212,913</u>

The Company has not recognised any deferred income in respect of the guarantees as their fair value and transaction price cannot be reliably measured.

DIVIDENDS

The Board of Directors of the Company has resolved to recommend a final dividend of HK3.8 cents per share for the year ended 31 March 2014. Together with the interim dividend of HK2.2 cents per share that has already been paid, the total dividends for the year will amount to HK6.0 cents per share. The proposed final dividend, subject to approval by the shareholders of the Company at the annual general meeting to be held on Wednesday, 6 August 2014, will be payable on Wednesday, 20 August 2014 to the shareholders on the Register of Members of the Company on Thursday, 14 August 2014.

CLOSURE OF REGISTER OF MEMBERS

To ascertain the entitlement of the shareholders to attend and vote at the 2014 Annual General Meeting, the Register of Members of the Company will be closed from Monday, 4 August 2014 to Wednesday, 6 August 2014, both days inclusive, during which period no transfer of shares will be registered by the Company. In order to be eligible to attend and vote at the 2014 Annual General Meeting, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Share Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 1 August 2014.

Subject to the approval of the shareholders at the 2014 Annual General Meeting, the proposed final dividend will be payable to the shareholders whose names appear on the Register of Members of the Company on 14 August 2014. To ascertain the entitlement of the shareholders to the proposed final dividend, the Register of Members of the Company will be closed from Tuesday, 12 August 2014 to Thursday, 14 August 2014, both days inclusive, during which period no transfer of shares will be registered by the Company. In order to qualify for the proposed final dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Share Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 11 August 2014.

OPERATION REVIEW

The Group continues its strategy of holding prime commercial properties for rental income. The Group also invests in debt securities and equity securities for treasury income.

The local economy has been pacing steadily throughout the year amid improving global economic conditions. Meanwhile the Group's rental income and the market value of the investment properties continued to increase during the year.

The Group's gross rental income for the year was HK\$89.0 million, an increase of 12.2% from last year. In addition, the Group's share of gross rental income from an associate was HK\$12.9 million, an increase of 12.8% from last year. Therefore the total gross rental income attributable to the Group amounted to HK\$101.9 million. During the year, the Group recorded an increase in fair value of HK\$158.4 million for its investment properties. The Group's profit for the year amounted to HK\$250.8 million.

During the year, the Group's entire commercial tower portfolio, Southgate Commercial Centre, The Wave and Tern Centre Tower II recorded a higher increase in rental income due to the substantial increase in rental rate for the retail shops. The office portion also recorded an increase in rental income. The rental rate of the Group's other commercial shop properties also increased for new lease or upon lease renewal.

The Group continued to invest in debt securities and equity securities during the year. The investments generated interest income and dividend income amounting to HK\$11.7 million for the year.

PROSPECTS

The global economy has broadly strengthened albeit with varying degree in different regions. In the United States the recovery momentum has been getting stronger while the economic performance in the Euro zone varied significantly among member states. The respective economies are expected to improve with different pace ahead. On the other hand the emerging economies will continue to experience financial and economic turbulence with the tapering off quantitative easing. In China the authority has to adjust its credit after years of excessive measures which in turn may impact on its economy.

The price and trading activities of local residential properties have been drifting downward and are expected to remain at a low level with the forecast of increasing supply and financing cost. Trading activities of commercial properties will also remain slow until the authority relaxes its restraining measures. The rental value of retail shops will continue to move downward amid falling retail sales and increasing vacant lots. On the other hand the rental market of office properties will continue to sustain at the current level in view of the demand and limited supply.

The Group's rental income from its investment properties is expected to continue to increase next year. The Group has an excellent financial position with very low gearing, and will search for suitable investment opportunities.

FINANCIAL OPERATION REVIEW

Operation

The Group's gross rental income for the year ended 31 March 2014 amounted to HK\$89.0 million (2013: HK\$79.3 million), an increase of 12.2% from last year. During the year, the two shops on the ground floor of Ka Wing Building recorded over 60% increase in rental income while the shop on the upper ground floor of Ka Wing Building and that on the ground floor of The Bodynits Building recorded 12% increase in rental income. Meanwhile Southgate Commercial Centre, The Wave and Tern Centre Tower II recorded an increase in rental income in the range of 11% to 16%. All of the Group's commercial shop and office properties continued to record increase in rental rates upon lease renewal. The Group's share of gross rental income from an associate amounted to HK\$12.9 million (2013: HK\$11.4 million), an increase of 12.8% from last year. The Group's rental portfolio achieved an average occupancy rate of 99% for the year.

At 31 March 2014, the Group held investment properties amounting to HK\$3,090.7 million (2013: HK\$2,932.7 million), an increase of HK\$158.0 million from last year. The increase was due to the increase in fair value of the Group's property portfolio during the year.

The Group's interest income and dividend income for the year ended 31 March 2014 amounted to HK\$11.7 million (2013: HK\$13.7 million), a decrease of HK\$2.0 million from last year. At 31 March 2014, the securities investments amounted to HK\$113.1 million (2013: HK\$124.2 million), a decrease of HK\$11.1 million from last year.

Results

The Group's profit for the year ended 31 March 2014 amounted to HK\$250.8 million (2013: HK\$702.5 million), a decrease of 64.3% from last year. The decrease was due primarily to the lesser increase in the fair value of investment properties upon revaluation at the end of the year, the loss on disposal and the unrealised loss on holding of debt securities investment partially offset by the increase in rental income of the Group. The Group's share of profit of associates after taxation amounted to HK\$38.1 million (2013: HK\$78.3 million), a decrease of 51.4% from last year due primarily to the lesser increase in fair value of investment properties partially offset by the increase in rental income.

Earnings per share for the year ended 31 March 2014 were HK\$0.82 (2013: HK\$2.28), a decrease of HK\$1.46 from last year. The proposed final dividend of HK3.8 cents (2013: HK3.5 cents) per share will make a total distribution of interim dividend and final dividend of HK6.0 cents (2013: HK5.5 cents) per share for the full year, an increase of HK0.5 cent from last year.

Liquidity, Bank Borrowings and Finance Costs

At 31 March 2014, the Group's net current assets including bank deposits, balances and cash of HK\$39.9 million amounted to HK\$101.9 million (2013: HK\$124.1 million), a decrease of HK\$22.2 million from last year. At 31 March 2014, the Group's banking facilities amounting to HK\$278.2 million (2013: HK\$373.2 million) were fully secured by its investment properties, leasehold land and buildings, financial assets held for trading and bank deposits with an aggregate carrying value amounting to HK\$917.3 million (2013: HK\$1,113.6 million). At 31 March 2014, these facilities were utilised to the extent of HK\$141.4 million (2013: HK\$197.4 million).

At 31 March 2014, the total amount of outstanding bank borrowings net of bank deposits, balances and cash were HK\$101.5 million (2013: HK\$159.0 million), a decrease of HK\$57.5 million from last year. The decrease was due to the use of retained profit and proceeds from the sale of securities investments to repay bank loans during the year. The gearing ratio, which is the ratio of net bank borrowings to shareholders' funds, was at 2.9% (2013: 4.8%).

Of the total bank loans at 31 March 2014, HK\$25.3 million or 17.9% were repayable within one year. HK\$65.3 million or 46.2% were repayable after one year but within two years. HK\$44.1 million or 31.2% were repayable after two years but within five years. HK\$6.7 million or 4.7% were repayable after five years.

The Group's finance costs for the year ended 31 March 2014 were HK\$2.5 million (2013: HK\$4.2 million), a decrease of 40.6% from last year. The decrease was due to the lower level of average bank borrowings during the year.

Shareholders' Funds

At 31 March 2014, the Group's shareholders' funds amounted to HK\$3,522.1 million (2013: HK\$3,288.8 million), an increase of 7.1% from last year. The net asset value per share was HK\$11.4 (2013: HK\$10.7). The increase in shareholders' funds was due primarily to the retained profit and the increase in the fair value of the investment properties of the Group upon revaluation at the end of the year.

Risk Management

The Group has established and maintained sufficient risk management procedures to identify and control various types of risk prevailing inside the organisation and the external environment with active management participation and effective internal control procedures for the best interest of the Group and its shareholders.

Employees and Remuneration Policy

At 31 March 2014, the total number of staff of the Group was 16 (2013: 16). The total staff costs including Directors' remuneration amounted to HK\$15.4 million (2013: HK\$14.4 million).

The Group reviews staff remuneration annually. The review is based on individual performance and merit.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

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

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year ended 31 March 2014, except that the roles of chairman and chief executive are performed by the same individual which is a deviation from code provision A.2.1 of the Code. Please refer to the Company's interim report for the six months ended 30 September 2013 for reasons of the deviation.

REVIEW OF ACCOUNTS BY AUDIT COMMITTEE

The Audit Committee has reviewed the Group's audited annual accounts and annual results for the year ended 31 March 2014 with the Directors.

SCOPE OF WORK OF MESSRS. HLM CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2014 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. HLM CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. HLM CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. HLM CPA Limited in this announcement.

By order of the Board
Chan Hoi Sow
Chairman

Hong Kong, 13 June 2014

As at the date of this announcement, the Board of Directors of the Company comprises seven Directors, of which three are Executive Directors, namely Mr. CHAN Hoi Sow, Mr. CHAN Yan Tin, Andrew and Mr. CHAN Siu Keung, Leonard, one is Non-Executive Director, namely Ms. CHAN Yan Mei, Mary-ellen and three are Independent Non-Executive Directors, namely Mr. CHAN Kwok Wai, Mr. TSE Lai Han, Henry and Mr. LEUNG Kui King, Donald.