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 2011

The Board of Directors of Tern Properties Company Limited (the "Company") announces that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2011 are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2011

	Notes	**2011** *HK$'000*	2010 *HK$'000*
Turnover	*3*	**68,200**	66,145
Property expenses		**(2,118)**	(2,751)
Gross profit		**66,082**	63,394
Realised gain on financial assets held for trading		**252**	–
Unrealised (loss) gain on financial assets held for trading		**(1,133)**	3,329
Dividend income		**591**	–
Interest income		**10,449**	3,587
Other operating income		**557**	900
Increase in fair value of investment properties		**328,064**	359,361
Gain on disposal of investment properties		**–**	12,359
Administrative expenses		**(21,910)**	(20,474)
Profit from operations	*5*	**382,952**	422,456
Finance costs		**(4,446)**	(4,916)
Share of results of associates		**39,863**	31,472
Profit before taxation		**418,369**	449,012
Taxation	*6*	**(6,413)**	(5,874)
Profit and total comprehensive income for the year and attributable to owners of the Company		**411,956**	443,138
Dividends	*7*	**14,157**	26,160
Earnings per share	*8*	**HK$1.34**	HK$1.44

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Investment properties		**2,150,125**	1,792,883
Property, plant and equipment		**7,264**	6,902
Leasehold land		**70,824**	71,860
Interests in associates		**248,245**	212,582
Available-for-sale investments		**2,161**	2,161
Loans and receivables		**8,110**	8,110
Deferred rental income		**354**	–
		2,487,083	2,094,498
Current assets			
Trade and other receivables	9	**6,570**	3,849
Financial assets held for trading		**134,349**	95,304
Leasehold land – current portion		**1,036**	1,036
Deferred rental income – current portion		**517**	–
Tax recoverable		**329**	292
Bank balances and cash		**32,261**	95,724
		175,062	196,205
Current liabilities			
Trade and other payables	10	**6,735**	6,841
Rental deposits from tenants		**18,757**	16,665
Tax liabilities		**2,330**	2,122
Secured bank loans – due within one year		**8,746**	8,718
		36,568	34,346
Net current assets		**138,494**	161,859
Non-current liabilities			
Deferred tax liabilities		**15,677**	14,088
Secured bank loans – due after one year		**388,123**	403,826
		403,800	417,914
Net assets		**2,221,777**	1,838,443
Capital and reserves			
Share capital		**153,881**	153,881
Reserves		**2,067,896**	1,684,562
		2,221,777	1,838,443

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.

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

The following new and revised Standards and Interpretations issued by the HKICPA have been applied by the Group in the current year. The impact of the application of the new and revised Standards and Interpretations is discussed below.

Amendments to HKFRS 7 Financial Instruments: Disclosures (as part of Improvements to HKFRSs issued in 2010)

The amendments to HKFRS 7 clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans. The Group has applied the amendments in advance of their effective date (annual periods beginning on or after 1 January 2011). The amendments have been applied retrospectively.

Amendments to HKAS 1 Presentation of Financial Statements (as part of Improvements to HKFRSs issued in 2010)

The amendments to HKAS 1 clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the consolidated statement of changes in equity or in the notes to the consolidated financial statements. The Group has applied the amendments in advance of their effective date (annual periods beginning on or after 1 January 2011). The amendments have been applied retrospectively.

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

The following new and revised Standards and Interpretations have also been applied in these consolidated financial statements. The application of these new and revised Standards and Interpretations has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters	The amendments provide two exemptions when adopting HKFRSs for the first time relating to oil and gas assets, and the determination as to whether an arrangement contains a lease.
Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions	The amendments clarify the scope of HKFRS 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.

Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to HKFRSs issued in 2008)	The amendments clarify that all the assets and liabilities of a subsidiary should be classified as held for sale when the Group is committed to a sale plan involving loss of control of that subsidiary, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.
Amendments to HKAS 1 Presentation of Financial Statements (as part of Improvements to HKFRSs issued in 2009)	The amendments clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.
Amendments to HKAS 7 Statement of Cash Flows (as part of Improvements to HKFRSs issued in 2009)	The amendments specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.
Amendments to HKAS 17 Leases	The amendments clarify that classification of unexpired leasehold should be reassessed based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payment to property, plant and equipment.
Amendments to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items	The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.
HK – Int 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	HK – Int 5 clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities.
HK (IFRIC) – Int 17 Distributions of Non-cash Assets to Owners	The Interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders.
HK (IFRIC) – Int 18 Transfers of Assets from Customers	The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from "customers" and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit being recognised as revenue in accordance with HKAS 18 Revenue.
Improvements to HKFRSs issued in 2009	Except for the amendments to HKFRS 5, HKAS 1, HKAS 7 and HKAS 17 as described earlier, the application of Improvements to HKFRSs issued in 2009 has not had any material effect on amounts reported in the consolidated financial statements.

New and revised Standards and Interpretations in issue but not yet effective

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 except for the amendments to HKFRS 3 (as revised in 2008), HKFRS 7, HKAS 1 and HKAS 28[1]
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 3 (Amendments)	Business Combination (2008) – Improvements to HKFRSs (2010)[3]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[7]
HKAS 1 (Amendments)	Presentation of Financial Statements – Improvements to HKFRSs (2010)[4]
HKAS 12 (Amendments)	Income Taxes – Amendments[6]
HKAS 24 (as revised in 2009)	Related Party Disclosures[4]
HKAS 32 (Amendments)	Classification of Rights Issues[2]
HK (IFRIC) – Int 13 (Amendments)	Customer Loyalty Programmes – Improvements to HKFRSs (2010)[4]
HK (IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[4]
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

[1] Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
[2] Effective for annual periods beginning on or after 1 February 2010.
[3] Effective for annual periods beginning on or after 1 July 2010.
[4] Effective for annual periods beginning on or after 1 January 2011.
[5] Effective for annual periods beginning on or after 1 July 2011.
[6] Effective for annual periods beginning on or after 1 January 2012.
[7] Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in December 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either 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 accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, 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 presentation 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 attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning on or after 1 January 2013 and that the application of the new Standard may have an impact on amounts reported in respect of the Group's financial assets. However, it is not practicable to provide reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 titled Disclosures – Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors do not anticipate that these amendments to HKFRS 7 will have an effect on the Group's disclosures regarding transfers of trade receivables previously effected. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity.

The amendments to HKAS 32 titled Classification of Rights Issues address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments. However, if the Group does enter into any rights issues within the scope of the amendments in future accounting periods, the amendments to HKAS 32 will have an impact on the classification of those rights issues.

HK (IFRIC) – Int 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature. However, if the Group does enter into any such transactions in the future, HK (IFRIC) – Int 19 will affect the required accounting. In particular, under HK (IFRIC) – Int 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

The directors of the Company anticipate that the application of the other new or revised standards, amendments and interpretation will have no material impact on the financial information.

3. TURNOVER

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

4. OPERATING SEGMENTS

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 is a disclosure Standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purposes of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach.

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 includes 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 operations of investing internal resources. 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

2011

	Property investment *HK$'000*	Treasury investment *HK$'000*	Total *HK$'000*
Turnover	**68,200**	**–**	**68,200**
Property expenses	**(2,118)**	**–**	**(2,118)**
Gross profit	**66,082**	**–**	**66,082**
Realised gain on financial assets held for trading	**–**	**252**	**252**
Unrealised loss on financial assets held for trading	**–**	**(1,133)**	**(1,133)**
Dividend income	**–**	**591**	**591**
Interest income	**160**	**10,289**	**10,449**
Other operating income	**384**	**173**	**557**
Increase in fair value of investment properties	**328,064**	**–**	**328,064**
Administrative expenses	**(21,856)**	**(54)**	**(21,910)**
Profit from operations	**372,834**	**10,118**	**382,952**
Finance costs	**(4,446)**	**–**	**(4,446)**
Share of results of associates	**39,863**	**–**	**39,863**
Profit before taxation	**408,251**	**10,118**	**418,369**
Taxation	**(6,413)**	**–**	**(6,413)**
Profit for the year	**401,838**	**10,118**	**411,956**

At 31 March 2011

	Property investment *HK$'000*	Treasury investment *HK$'000*	Total *HK$'000*
Segment assets	**2,512,439**	**149,706**	**2,662,145**
Segment liabilities	**(440,363)**	**(5)**	**(440,368)**
Net assets	**2,072,076**	**149,701**	**2,221,777**

Other segments information:

Depreciation and amortisation	**1,884**	**–**	**1,884**
Addition to investment properties	**28,956**	**–**	**28,956**
Addition to property, plant and equipment	**1,210**	**–**	**1,210**

2010

	Property investment HK$'000	Treasury investment HK$'000	Total HK$'000
Turnover	66,145	–	66,145
Property expenses	(2,751)	–	(2,751)
Gross profit	63,394	–	63,394
Unrealised gain on financial assets held for trading	–	3,329	3,329
Interest income	5	3,582	3,587
Other operating income	761	139	900
Increase in fair value of investment properties	359,361	–	359,361
Gain on disposal of investment properties	12,359	–	12,359
Administrative expenses	(20,452)	(22)	(20,474)
Profit from operations	415,428	7,028	422,456
Finance costs	(4,916)	–	(4,916)
Share of results of associates	31,472	–	31,472
Profit before taxation	441,984	7,028	449,012
Taxation	(5,874)	–	(5,874)
Profit for the year	436,110	7,028	443,138

At 31 March 2010

	Property investment HK$'000	Treasury investment HK$'000	Total HK$'000
Segment assets	2,184,801	105,902	2,290,703
Segment liabilities	(452,256)	(4)	(452,260)
Net assets	1,732,545	105,898	1,838,443
Other segments information:			
Depreciation and amortisation	2,254	–	2,254
Addition to investment properties	7,316	–	7,316
Addition to property, plant and equipment	76	–	76

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 revenues arising from rental income of HK$68.2 million (2010: HK$66.1 million) are rental revenues of approximately HK$10.4 million (2010: HK$6.5 million) which arose from the Group's largest tenant.

5. PROFIT FROM OPERATIONS

	2011	2010
	HK$'000	*HK$'000*
Profit from operations has been arrived at after charging:		
Auditors' remuneration	**290**	290
Depreciation	**848**	1,218
Amortisation of leasehold land	**1,036**	1,036
Staff costs (including Directors' remuneration)	**11,837**	10,890
Mandatory provident fund contributions	**114**	106
Total staff costs	**11,951**	10,996
and after crediting:		
Exchange gain	**243**	421
Dividend income	**591**	–
Gross rental income from investment properties	**68,200**	66,145
Less: Direct operating expenses from investment properties that generated rental income	**(1,732)**	(2,384)
Direct operating expenses from investment properties that did not generate rental income	**(386)**	(367)
Net rental income	**66,082**	63,394

6. TAXATION

	2011	2010
	HK$'000	*HK$'000*
Tax expenses attributable to the Company and subsidiaries		
Hong Kong Profits Tax		
Current year	**4,568**	4,163
Under (over) provision in previous years	**103**	(100)
	4,671	4,063
Other jurisdiction		
Under provision in previous years	**153**	204
	4,824	4,267
Deferred tax expenses		
Current year	**1,822**	1,609
Over provision in previous years	**(233)**	(2)
	1,589	1,607
	6,413	5,874

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

	2011	2010
	HK$'000	*HK$'000*
Interim, paid – HK1.8 cents per share (2010: HK1.0 cent per share)	**5,540**	3,078
Final, proposed – HK2.8 cents per share (2010: HK2.5 cents per share)	**8,617**	7,694
Special, proposed – Nil (2010: HK5.0 cents per share)	**–**	15,388
	14,157	26,160

The final dividend of HK2.8 cents per share (2010: HK2.5 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$411,955,792 (2010: HK$443,137,915) and on weighted average number of 307,762,522 (2010: 307,762,522) ordinary shares in issue during the year. No diluted earnings per share has been presented as there were no dilutive potential shares in issue in either year.

9. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables is rental receivable of HK$38,607 (2010: HK$314,539) with defined credit policy. The rental income is billed in advance each month. Immediate settlement is expected upon receipt of billing by the tenants.

At the end of the reporting period, all the rental receivable had an age of less than 90 days.

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

10. TRADE AND OTHER PAYABLES

Included in trade and other payables is prepaid rental from tenants of HK$1,736,959 (2010: HK$1,670,856).

At the end of the reporting period, all the prepaid rental from tenants had an age of less than 90 days.

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**	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Subsidiaries	**–**	–	**396,869**	412,544
Associates	**24,000**	27,500	**24,000**	27,500
	24,000	27,500	**420,869**	440,044

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 HK2.8 cents per share for the year ended 31 March 2011. The proposed final dividend, subject to approval by the shareholders of the Company at the annual general meeting to be held on Wednesday, 3 August 2011, will be payable on Monday, 8 August 2011 to the shareholders on the Register of Members of the Company on Wednesday, 27 July 2011.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Wednesday, 27 July 2011 to Wednesday, 3 August 2011, 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, and to determine the identity of the shareholders entitled to attend and vote at the annual general meeting, all transfers 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 for registration not later than 4:30 p.m. on Tuesday, 26 July 2011.

BUSINESS REVIEW

Hong Kong

The local economy has been expanding steadily for the past year. The Group's rental income for the year continued to grow. Meanwhile the market value of the Group's investment properties increased respectably during the year.

The Group's gross rental income for the year was HK$68.2 million, an increase of 3.1% from that of the previous year. In addition, the Group's share of gross rental income from an associate was HK$8.9 million. Therefore the total gross rental income attributable to the Group amounted to HK$77.1 million. During the year, the Group recorded an increase in fair market value of HK$328.1 million for its investment properties. The Group's profit for the year amounted to HK$412.0 million.

During the year, the Group's commercial shop properties located on Nathan Road, Cameron Road and Granville Road recorded an increase in rental income. Lease renewal for these shops generally recorded a higher rental rate. Office properties also recorded upward adjustment in rental rate upon lease renewal. The Group's rental portfolio continued to achieve a high average occupancy rate of 98% during the year.

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$11.0 million for the year.

Overseas

During the year, the Group continued to hold a residential suite in Pointe Claire in the City of Vancouver, Canada for rental income purpose.

PROSPECTS

After prolonged period of low interest environment, the global economy is on the road to recovery albeit at a different pace for different regions. Interest rate in most regions is moving upward in tandem with the increasing inflationary pressure especially from the fluctuation of oil and commodity prices at high level. These factors may have a dampening effect on consumer sentiment. Meanwhile the Mainland authority will continue to impose restrictive monetary policy and pricing restraints to avoid overheating in the economy especially in the housing and consumer products sectors. However the ongoing expansion in the Mainland economy will provide impetus to the growth in the local economy.

The general price of local residential properties has breached new height despite authority measures to dampen speculative trading. The market is expected to turn stable in view of the forecast increasing land supply and rising interest rate. On the other hand the rental value of shops in prime locations will continue to strengthen amid the increasing tourist arrivals from the Mainland. Meanwhile the rental value of office properties will also rise gradually in view of the local economic growth.

The Group's rental income from its investment properties will move up gradually next year. Since the value of the Group's prime investment properties has increased substantially, the Group's financial position is expected to get stronger with low gearing.

FINANCIAL OPERATION REVIEW

Operation

The Group continued to hold prime commercial properties for rental income during the year.

The Group's gross rental income for the year ended 31 March 2011 amounted to HK$68.2 million (2010: HK$66.1 million), an increase of 3.1% from last year. During the year, the Group's commercial shop properties located in Burlington House on Nathan Road, The Bodynits Building on Cameron Road, Ka Wing Building on Granville Road and 3 Lock Road recorded an increase in rental income while a shop on Park Lane Boulevard recorded a decrease. At 31 March 2011, the Group held investment properties amounting to HK$2,150.1 million (2010: HK$1,792.9 million), an increase of HK$357.2 million from last year. The increase was due primarily to the increase in fair value of the Group's property portfolio during the year. The Group's share of gross rental income from an associate amounted to HK$8.9 million (2010: HK$12.5 million), a decrease of 28.8% from last year due to the disposal of investment properties at the end of the previous fiscal year. The Group's rental portfolio continued to achieve a high average occupancy rate of 98% during the year.

During the year, the Group acquired Shop 5 on the Ground Floor of Lee Fat Building, 30-36 Jardine's Crescent in Causeway Bay for a cash consideration of HK$27,500,000. The property is generating a rental income of HK$936,000 per annum which is equivalent to an annual yield of 3.4% based on the acquisition cost.

The Group's interest income and dividend income for the year ended 31 March 2011 amounted to HK$11.0 million (2010: HK$3.6 million), an increase of HK$7.4 million from last year due to the increase in investments in debt securities and equity securities. At 31 March 2011, these investments amounted to HK$142.5 million (2010: HK$103.4 million), an increase of HK$39.1 million from last year.

Results

The Group's profit for the year ended 31 March 2011 amounted to HK$412.0 million (2010: HK$443.1 million), a decrease of 7.0% from last year. The decrease was due primarily to the less increase in the fair value of investment properties and unrealised loss on debt securities investment of the Group upon revaluation at the end of the reporting period, and the gain on disposal of investment properties recorded last year partially offset by higher interest income during the year. The Group's share of profit of associates after taxation amounted to HK$39.9 million (2010: HK$31.5 million), an increase of 26.7% from last year due primarily to the increase in the fair value of investment properties.

Earnings per share for the year ended 31 March 2011 were HK$1.34 (2010: HK$1.44). The proposed final dividend of HK2.8 cents (2010: HK2.5 cents) per share will make a total distribution of interim dividend and final dividend of HK4.6 cents (2010: HK3.5 cents) per share for the full year, an increase of HK1.1 cents from last year. No special dividend was proposed for the year (2010: HK5.0 cents per share).

Liquidity, Bank Borrowings and Finance Costs

At 31 March 2011, the Group's net current assets including bank balances and cash of HK$32.3 million amounted to HK$138.5 million (2010: HK$161.9 million), a decrease of HK$23.4 million from last year. At 31 March 2011, the Group's banking facilities amounting to HK$616.7 million (2010: HK$515.2 million) were fully secured by its investment properties and leasehold land and building with an aggregate carrying value amounting to HK$1,442.9 million (2010: HK$1,099.0 million). At 31 March 2011, these facilities were utilised to the extent of HK$396.9 million (2010: HK$412.5 million).

At 31 March 2011, the total amount of outstanding bank borrowings net of bank balances and cash were HK$364.6 million (2010: HK$316.8 million), an increase of HK$47.8 million from last year. The increase was due to the purchase of investment properties and the increase in securities investments during the year. The gearing ratio, which is the ratio of net bank borrowings to shareholders' funds, was at 16.4% (2010: 17.2%).

Of the total bank loans at 31 March 2011, HK$8.8 million or 2.2% were repayable within one year. HK$212.8 million or 53.6% were repayable after one year but within two years. HK$164.0 million or 41.3% were repayable after two years but within five years. HK$11.3 million or 2.9% were repayable after five years.

The Group's finance costs for the year ended 31 March 2011 were HK$4.4 million (2010: HK$4.9 million), a decrease of 9.6% from last year. The decrease was due to lower average level of bank borrowings for the year.

Shareholders' Funds

At 31 March 2011, the Group's shareholders' funds amounted to HK$2,221.8 million (2010: HK$1,838.4 million), an increase of 20.9% from last year. The net asset value per share was HK$7.22 (2010: HK$5.97). 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 reporting period.

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 2011, the total number of staff of the Group was 15 (2010: 14). The total staff costs including Directors' remuneration amounted to HK$12.0 million (2010: HK$11.0 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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

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 2011, except that the roles of chairman and chief executive officer 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 2010 for reasons of the deviation.

REVIEW OF ACCOUNTS BY AUDIT COMMITTEE

The Audit Committee has reviewed the audited annual accounts and the annual results of the Group for the year ended 31 March 2011 with the Directors.

By Order of the Board
Chan Hoi Sow
Chairman

Hong Kong, 10 June 2011

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