漢國置業有限公司

Hon Kwok Land Investment Company, Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 160)

2012-13 ANNUAL RESULTS ANNOUNCEMENT

RESULTS

The directors (the "Directors") of Hon Kwok Land Investment Company, Limited (the "Company") are pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2013 together with comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

		For the year ended 31 March	
		2013	2012
	Notes	***HK$'000***	*HK$'000*
			(Restated)
Revenue	*2*	**238,370**	899,422
Cost of sales		**(96,196)**	(587,277)
Gross profit		**142,174**	312,145
Other income and gains	*3*	**10,623**	11,319
Fair value gains on investment properties, net		**412,424**	177,734
Gain on disposal of investment properties, net		**2,269**	-
Administrative expenses		**(74,139)**	(63,162)
Other operating expenses, net		**(10,756)**	(19,115)
Finance costs	*4*	**(56,692)**	(48,412)
Share of profits and losses of jointly-controlled entities and an associate		**-**	1,824
Profit before tax	*5*	**425,903**	372,333
Income tax expense	*6*	**(24,641)**	(92,783)
Profit for the year		**401,262**	279,550
Attributable to:			
Owners of the Company		**401,863**	216,555
Non-controlling interests		**(601)**	62,995
		401,262	279,550
Dividend – proposed final		**60,036**	60,036

CONSOLIDATED INCOME STATEMENT *(Continued)*

		For the year ended 31 March	
		2013	2012
	Note	***HK$'000***	*HK$'000*
			(Restated)
Earnings per share attributable to ordinary equity holders of the Company	*7*		
Basic		HK**83.7** cents	HK45.1 cents
Diluted		HK**83.7** cents	HK44.6 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 March	
	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Profit for the year	**401,262**	279,550
Other comprehensive income		
Exchange differences on translation of foreign operations	**113,905**	123,844
Other comprehensive income for the year, net of tax	**113,905**	123,844
Total comprehensive income for the year	**515,167**	403,394
Attributable to:		
Owners of the Company	**509,954**	333,956
Non-controlling interests	**5,213**	69,438
	515,167	403,394

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 March 2013 HK$'000**	31 March 2012 *HK$'000 (Restated)*	1 April 2011 *HK$'000 (Restated)*
NON-CURRENT ASSETS				
Property, plant and equipment		**46,412**	51,371	50,386
Investment properties		**6,098,139**	5,226,846	4,776,851
Investments in jointly-controlled entities		**199**	199	257
Investment in an associate		**369,979**	-	-
Total non-current assets		**6,514,729**	5,278,416	4,827,494
CURRENT ASSETS				
Amounts due from jointly-controlled entities		-	-	31
Tax recoverable		**1,194**	387	32,198
Properties held for sale under development and completed properties held for sale		**2,186,302**	1,775,360	1,794,748
Trade receivables	*8*	**1,098**	3,076	2,389
Prepayments, deposits and other receivables		**60,144**	41,760	74,123
Pledged deposits		**120,803**	120,371	96,974
Cash and cash equivalents		**414,595**	828,734	992,403
Total current assets		**2,784,136**	2,769,688	2,992,866
CURRENT LIABILITIES				
Trade payables and accrued liabilities	*9*	**92,636**	145,375	94,160
Interest-bearing bank borrowings		**1,304,316**	817,265	730,802
Customer deposits		**91,445**	23,612	670,433
Convertible bonds	*11*	**-**	-	108,355
Tax payable		**67,612**	79,485	59,676
Total current liabilities		**1,556,009**	1,065,737	1,663,426
NET CURRENT ASSETS		**1,228,127**	1,703,951	1,329,440
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,742,856**	6,982,367	6,156,934

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	31 March 2013	31 March 2012	1 April 2011
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	*(Restated)*
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	**2,264,333**	1,980,897	1,541,687
Deferred tax liabilities	**303,211**	281,289	237,878
Total non-current liabilities	**2,567,544**	2,262,186	1,779,565
Net assets	**5,175,312**	4,720,181	4,377,369
EQUITY			
Equity attributable to owners of the Company			
Issued capital	**480,286**	480,286	480,286
Equity component of convertible bonds	**-**	-	7,802
Reserves	**4,381,711**	3,931,793	3,650,071
Proposed final dividend	**60,036**	60,036	60,036
	4,922,033	4,472,115	4,198,195
Non-controlling interests	**253,279**	248,066	179,174
Total equity	**5,175,312**	4,720,181	4,377,369

Notes:

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for the First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKFRS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

Other than as further explained below regarding the impact of HKAS 12, the adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income taxes – Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis. Prior to the adoption of the amendments, deferred tax with respect to the Group's investment properties was provided on the basis that the carrying amount will be recovered through use, and accordingly the profits tax rate had been applied to the calculation of deferred tax arising on the revaluation of the Group's investment properties. Upon the adoption of HKAS 12 Amendments, the Group has re-measured the deferred tax relating to certain investment properties on the presumption that the carrying amount will be recovered through sale.

The effects of the above changes are summarized below:

	2013	2012
	HK$'000	*HK$'000*
Consolidated income statement and consolidated statement of comprehensive income for the year ended 31 March		
Decrease in income tax expense	**57,437**	10,068
Increase in profit for the year	**57,437**	10,068
Increase in other comprehensive income	**1,116**	1,575
Increase in basic earnings per share (HK cents)	**11.96**	2.10
Increase in diluted earnings per share (HK cents)	**11.96**	2.08
Consolidated statement of financial position at 31 March		
Decrease in deferred tax liabilities and total non-current liabilities	**272,925**	214,372
Increase in net assets and reserves	**272,925**	214,372

	2011
	HK$'000
Consolidated statement of financial position at 1 April	
Decrease in deferred tax liabilities and total non-current liabilities	202,729
Increase in net assets and reserves	202,729

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the property development segment develops properties for sale;

(b) the property investment segment holds investment properties for development and the generation of rental income; and

(c) the "others" segment comprises, principally, sub-leasing of carparking business and property management service business which provide management services to residential and commercial properties.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, share of profits and losses of jointly-controlled entities and an associate as well as head office and corporate income and expenses are excluded from such measurement.

Segment assets exclude investments in jointly-controlled entities and an associate, and other unallocated head office and corporate assets, including tax recoverable, pledged deposits and cash and cash equivalents, as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities, including interest-bearing bank borrowings, tax payable and deferred tax liabilities, as these liabilities are managed on a group basis.

During the current and prior years, there were no intersegment transactions.

	For the year ended 31 March 2013			
	Property development *HK$'000*	**Property investment** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Segment revenue:				
Sales to external customers	**43,415**	**155,765**	**39,190**	**238,370**
Segment results	**10,964**	**521,790**	**(3,713)**	**529,041**
Reconciliation:				
Interest income				**6,882**
Unallocated expenses				**(53,328)**
Finance costs				**(56,692)**
Share of profits and losses of jointly-controlled entities and an associate				**-**
Profit before tax				**425,903**

	For the year ended 31 March 2012			
	Property development *HK$'000*	Property investment *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:				
Sales to external customers	735,687	125,158	38,577	899,422
Segment results	211,183	252,701	(9,219)	454,665
Reconciliation:				
Interest income				7,065
Unallocated expenses				(42,809)
Finance costs				(48,412)
Share of profits and losses of jointly-controlled entities				1,824
Profit before tax				372,333

2. OPERATING SEGMENT INFORMATION *(Continued)*

	At 31 March 2013			
	Property development *HK$'000*	**Property investment** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Segment assets	**2,255,371**	**6,505,853**	**1,554,533**	**10,315,757**
Reconciliation:				
Elimination of intersegment receivables				**(1,923,662)**
Investments in jointly-controlled entities				**199**
Investment in an associate				**369,979**
Corporate and other unallocated assets				**536,592**
Total assets				**9,298,865**
Segment liabilities	**1,233,381**	**468,992**	**405,370**	**2,107,743**
Reconciliation:				
Elimination of intersegment payables				**(1,923,662)**
Corporate and other unallocated liabilities				**3,939,472**
Total liabilities				**4,123,553**

	For the year ended 31 March 2013			
	Property development *HK$'000*	**Property investment** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Other segment information:				
Fair value gains on investment properties, net	**-**	**412,424**	**-**	**412,424**
Depreciation	**1,442**	**1,562**	**5,332**	**8,336**
Capital expenditure *	**2,351**	**397,681**	**176**	**400,208**

* Capital expenditure represents additions to property, plant and equipment and investment properties.

2. OPERATING SEGMENT INFORMATION *(Continued)*

	At 31 March 2012			
	Property development *HK$'000*	Property investment *HK$'000*	Others *HK$'000*	Total *HK$'000* *(Restated)*
Segment assets	1,841,417	5,631,837	1,527,101	9,000,355
Reconciliation:				
Elimination of intersegment receivables				(1,901,942)
Investments in jointly-controlled entities				199
Corporate and other unallocated assets				949,492
Total assets				8,048,104
Segment liabilities	1,216,258	453,471	401,200	2,070,929
Reconciliation:				
Elimination of intersegment payables				(1,901,942)
Corporate and other unallocated liabilities				3,158,936
Total liabilities				3,327,923

	For the year ended 31 March 2012			
	Property development *HK$'000*	Property investment *HK$'000*	Others *HK$'000*	Total *HK$'000*
Other segment information:				
Fair value gains on investment properties, net	-	177,734	-	177,734
Depreciation	2,148	544	5,271	7,963
Capital expenditure *	300	192,610	6,533	199,443

* Capital expenditure represents additions to property, plant and equipment and investment properties.

2. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue

	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**92,862**	85,795
Mainland China	**145,508**	813,627
	238,370	899,422

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**2,524,931**	2,173,090
Mainland China	**3,619,620**	3,105,127
	6,144,551	5,278,217

The non-current asset information above is based on the locations of the assets and excludes investments in jointly-controlled entities and an associate.

3. OTHER INCOME AND GAINS

	2013 *HK$'000*	2012 *HK$'000*
Bank interest income	**6,882**	7,065
Others	**3,741**	4,254
	10,623	11,319

4. FINANCE COSTS

	2013 *HK$'000*	2012 *HK$'000*
Interest on bank loans, overdrafts and other loans (including convertible bonds) wholly repayable within five years	**96,540**	72,371
Interest on bank loans wholly repayable after five years	**2,659**	2,642
	99,199	75,013
Less: Interest capitalised under property development projects	**(42,507)**	(26,601)
	56,692	48,412

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2013 *HK$'000*	2012 *HK$'000*
Cost of properties sold	**19,976**	510,853
Depreciation	**8,336**	7,963
Minimum lease payments under operating leases on land and buildings	**20,311**	20,878
Auditors' remuneration	**1,923**	1,850
Foreign exchange differences, net	**(698)**	3,388
Employee benefit expense (including directors' remuneration):		
Wages, salaries, allowances and benefits in kind	**36,991**	30,383
Pension scheme contributions	**1,259**	1,037
	38,250	31,420
Less: Amounts capitalised under property development projects	**(9,800)**	(5,135)
	28,450	26,285
Gross rental income	**(192,718)**	(161,504)
Less: Outgoing expenses	**76,220**	76,424
	(116,498)	(85,080)

At the end of the reporting period, the amount of forfeited pension scheme contributions available to the Group for future utilisation was not significant (2012: Nil).

6. INCOME TAX

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Group:		
Current tax		
Mainland China corporate income tax	**3,123**	45,355
Land appreciation tax in Mainland China	**5,774**	15,105
Overseas profits tax	**796**	478
	9,693	60,938
Deferred tax		
Mainland China corporate income tax	**14,948**	31,845
Total tax charge for the year	**24,641**	92,783

No provision for Hong Kong profits tax has been made as the Group has available tax losses brought forward from prior years to offset the assessable profits generated during the year (2012: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Land appreciation tax has been calculated in conformity with the prevailing rules and practices on the Group's completed projects in Mainland China at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company and the number of ordinary shares in issue during the year.

The calculation of diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, adjusted to reflect the interest on the convertible bonds, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

(Continued)

The calculations of basic and diluted earnings per share are based on:

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**401,863**	216,555
Interest on convertible bonds, net of tax and interest capitalisation	-	-
	401,863	216,555

	Number of shares	
	2013	2012
Shares		
Number of ordinary shares in issue during the year used in the basic earnings per share calculation	**480,286,201**	480,286,201
Effect of dilution – weighted average number of ordinary shares: Convertible bonds	**-**	4,872,860
	480,286,201	485,159,061

8. TRADE RECEIVABLES

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice/contract date, is as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 30 days	**953**	2,850
31 to 60 days	**123**	220
61 to 90 days	**22**	6
Total	**1,098**	3,076

Monthly rent in respect of leased properties is payable in advance by the tenants pursuant to the terms of the tenancy agreements. The balance of the consideration in respect of sold properties is payable by the purchasers pursuant to the terms of the sale and purchase agreements. Overdue trade debts are monitored closely by management and are provided for in full in cases of non-recoverability. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

9. TRADE PAYABLES AND ACCRUED LIABILITIES

Included in the trade payables and accrued liabilities are trade payables of HK$20,356,000 (2012: HK$30,194,000). An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 30 days	**20,356**	30,194

10. CONTINGENT LIABILITIES

As at 31 March 2013, the Group has given guarantees of HK$7,078,000 (2012: HK$153,169,000) to banks for housing loans extended by the banks to the purchasers of the Group's properties for a period from the date the loans are granted to the purchasers up to the date of issuance of property title certificates to the purchasers.

11. CONVERTIBLE BONDS

During the year ended 31 March 2012, the outstanding principal of the 3.5% Convertible Bonds due June 2011 in the amount of HK$88 million was redeemed in full upon maturity on 27 June 2011 together with the redemption premium. The aggregate redemption amount was HK$109,602,000.

DIVIDEND

The Directors recommend the payment of a final dividend of 12.5 Hong Kong cents per ordinary share for the year ended 31 March 2013 (2012: 12.5 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 6 September 2013. Subject to the approval by the shareholders at the forthcoming annual general meeting, the dividend cheques are expected to be despatched to shareholders on or before 4 October 2013.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 29 August 2013. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 26 August 2013 to 29 August 2013 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 23 August 2013.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 31 March 2013 is subject to the approval by the shareholders at the annual general meeting. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on 5 September 2013 and 6 September 2013, during which period no share transfers will be registered. The last day for dealing in the Company's shares cum entitlements to the proposed final dividend will be 2 September 2013. In order to qualify for the proposed final dividend, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 4 September 2013.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 March 2013.

CORPORATE GOVERNANCE

Compliance with Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code of conduct for directors' securities transactions. Having made specific enquiry, all the directors have confirmed that they have complied with the required standard as set out in the Model Code throughout the year ended 31 March 2013.

Compliance with the Corporate Governance Code

In the opinion of the Directors, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules for the year ended 31 March 2013, except for the following deviations:

1. CG Code provision A.1.1 stipulates that the board of directors should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals.

   During the year ended 31 March 2013, the board of directors of the Company (the "Board") met twice for approving the annual results of the Company for the year ended 31 March 2012 and the interim results for the period ended 30 September 2012. As business operations were under the management and supervision of the executive directors of the Company, who had from time to time held meetings to resolve all material business or management issues, only two regular board meetings were held for the year ended 31 March 2013.

2. CG Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

   Currently, Dr. James Sai-Wing Wong is the Chairman of the Company and assumes the role of the Chairman and also the chief executive officer. Given the nature of the Group's businesses which require considerable market expertise, the Board believes that the vesting of the two roles for the time being provides the Group with stable and consistent leadership and allows for more effective planning and implementation of long term business strategies. The Board will continuously review the effectiveness of the structure to balance the power and authority of the Board and the management.

3. CG Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election and CG Code provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election in accordance with the articles of association of the Company (the "Articles of Association"). The Articles of Association do not require the directors to retire by rotation at least once every three years. However, in accordance with article 104 of the Articles of Association, at each annual general meeting of the Company, one-third of the directors for the time being (or, if their number is not three or a multiple of three, then the number nearest one-third), other than the one who holds the office as executive chairman or managing director, shall retire from office by rotation. The Board will ensure the retirement of each director, other than the one who holds the office as executive chairman or managing director, by rotation at least once every three years in order to comply with the CG Code provisions.

The Chairman will not be subject to retirement by rotation as stipulated in CG Code provision A.4.2 as the Board considers that the continuity of office of the Chairman provides the Group with a strong and consistent leadership and is of great importance to the smooth operations of the Group.

All directors appointed to fill a casual vacancy is subject to re-election by shareholders at the next following annual general meeting of the Company instead of at the first general meeting after their appointment as stipulated in CG Code provision A.4.2.

4. CG Code provision A.5.1 stipulates that the Company should establish a nomination committee which should be chaired by the Chairman of the Board or an independent non-executive director. The Company has not established a nomination committee. The Board collectively reviews and approves the appointment of any new director as this allows a more informed and balanced decision to be made by the Board as to suitability for the role.

5. CG Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Some of the directors were unable to attend the annual general meeting and/or the extraordinary general meeting of the Company held on 23 August 2012 and 9 November 2012 respectively due to their own business engagements or other commitments. The attendance of each of the directors will be set out in the section headed Corporate Governance Report contained in the Annual Report 2012/13.

6. CG Code provision B.1.2 stipulates that the terms of reference of the remuneration committee should include, as a minimum, those specific duties as set out in the CG Code provisions. The Company has adopted the revised terms of reference of the Remuneration Committee on 30 March 2012 with certain deviations from the CG Code provisions. Pursuant to the revised terms of reference, the Remuneration Committee should review and make recommendations to the Board on the remuneration packages of directors (as opposed to directors and senior management).

Audit Committee

Regular meetings have been held by the Audit Committee of the Company since its establishment and it meets at least twice each year to review and supervise the Group's financial reporting process and internal control. The Audit Committee has reviewed with management the annual results of the Group for the year ended 31 March 2013.

FINANCIAL REVIEW

Liquidity and financial resources

The total interest-bearing debts of the Group amounted to approximately HK$3,569 million as at 31 March 2013 (2012: HK$2,798 million), of which approximately 37% (2012: 29%) of the debts were classified as current liabilities. Included therein were debts of HK$184 million (2012: HK$195 million) related to bank loans with repayable on demand clause and HK$832 million related to project loans which will be refinanced during the forthcoming financial year. Based on the repayment schedules pursuant to the related loan agreements and assuming that the aforesaid refinancing will be completed on schedule, the current portion of the total interest-bearing debts was approximately 8%. The increase in total debts was mainly due to the refinancing of a syndicated bank loan and certain investment properties with increased facilities and the drawdown of construction bank loans for mainland development projects.

Total cash and bank balances including time deposits were approximately HK$535 million as at 31 March 2013 (2012: HK$949 million). The Group had committed but undrawn banking facilities of a total of approximately HK$939 million at year end available for its working capital purpose.

Total shareholders' funds as at 31 March 2013 were approximately HK$4,922 million (2012 (restated): HK$4,472 million). The increase was mainly due to current year's profit attributable to shareholders.

The gearing ratio of the Group, as measured by the net interest-bearing debts of approximately HK$3,034 million (2012: HK$1,849 million) over the shareholders' funds plus non-controlling interests totalling of approximately HK$5,175 million (2012 (restated): HK$4,720 million), was 59% as at 31 March 2013 (2012 (restated): 39%).

Funding and treasury policies

The Group adopts prudent funding and treasury policies. Surplus funds are primarily maintained in the form of cash deposits with leading banks.

Acquisition and development of properties are financed partly by internal resources and partly by bank loans. Repayments of bank loans are scheduled to match asset lives and project completion dates. Bank loans are mainly denominated in Hong Kong dollars, Renminbi and United States dollars and bear interest at floating rates.

Foreign currency exposure is monitored closely by management and hedged to the extent desirable. As at 31 March 2013, the Group had no material exposure under foreign exchange contracts or any other hedging instruments.

Pledge of assets

Properties and bank balances with an aggregate carrying value of approximately HK$6,754 million as at 31 March 2013 were pledged to secure certain banking facilities of the Group.

Employees and remuneration policies

The Group, not including its jointly-controlled entities and an associate, employed approximately 370 employees as at 31 March 2013. Remuneration is determined by reference to market terms and the qualifications and experience of the staff concerned. Salaries are reviewed annually with discretionary bonuses being paid depending on individual performance. The Group also provides other benefits including medical cover, provident fund, personal accident insurance and educational subsidies to all eligible staff.

FINANCIAL RESULTS

For the year ended 31 March 2013, the Group's consolidated turnover and net profit attributable to shareholders amounted to HK$238 million (2012: HK$899 million) and HK$402 million (2012 (restated): HK$217 million), respectively. Basic earnings per share were 84 Hong Kong cents (2012 (restated): 45 Hong Kong cents). As at 31 March 2013, the shareholders' equity amounted to HK$4,922 million (2012 (restated): HK$4,472 million) and net assets per share attributable to shareholders were HK$10.25 (2012 (restated): HK$9.31).

The decrease in turnover was mainly due to fewer property sales recognised for the year whereas the increase in profit was mainly attributable to the recognition of property revaluation gain, net of deferred tax, of HK$397 million (2012 (restated): HK$146 million).

BUSINESS REVIEW

Acquisition of Properties

As disclosed in our Interim Report, on 18 September 2012, the Group entered into an agreement to subscribe for 20% interest in Chinney Trading Company Limited ("Chinney Trading") at a cash consideration of HK$368,537,000. For details, please refer to the Company's circular dated 25 October 2012. The above subscription constituted a major and connected transaction for the Company and had been approved by the Company's independent shareholders. The above transaction was completed in February 2013 and thereafter, accounted for as investment in an associate in the financial statements. Chinney Trading, via its wholly-owned subsidiary, holds a development site situated at 中國深圳市南山區僑香路北側 (Qiaoxiang Road North, Nanshan District, Shenzhen, PRC) and to be developed into a group of buildings for composite use with total gross floor area of approximately 224,500 sq.m. Substructure works are in progress which are expected to be completed in the next quarter followed by foundation and superstructure works.

On 31 December 2012, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement for the acquisition of a villa located in Longgang District, Shenzhen, PRC from a wholly-owned subsidiary of Chinney Alliance Group Limited for a cash consideration of HK$9,383,000. The above acquisition constituted a connected transaction for the Company and was subject to the reporting and announcement requirements but was exempt from independent shareholders' approval. For details, please refer to the Company's announcement dated 31 December 2012. On 31 January 2013, the balance of the consideration was settled by the Group.

Property Development and Sales

Botanica Phase 3 寶翠園三期, Guangzhou, PRC

The Botanica 寶翠園, situated in the greenery zone of Tian He District near the Botanical Garden, comprises 39 blocks of high-rise residential building. This project, with total gross floor area of approximately 229,000 sq.m., is scheduled for development and pre-sale by phases. In the prior financial years, Botanica Phases 1 and 2 寶翠園一及二期, with total 16 blocks of over 750 units, had been sold out and delivered to individual purchasers. Foundation works of Botanica Phase 3 寶翠園三期, comprises 12 blocks of about 530 units, are in progress and expected to be completed by the end of this year.

Metropolitan Oasis 雅瑤綠洲, Nanhai, PRC

The whole project, with total gross floor area of approximately 273,000 sq.m., is situated in Da Li District, Nanhai and scheduled for development by phases. Phase 1 of the project comprises 71 units of 3-storey town houses of about 18,000 sq.m. and 24 blocks of high-rise apartments of about 121,000 sq.m. Construction works of the town houses have been completed whilst those of the high-rise apartments are in progress and expected to be completed by stages commencing in the financial year 2013/14 through 2015/16. The completed town houses together with four blocks of the above apartment units have been launched to the market for sale. Up to the date of this announcement, total contracted sales exceeded RMB180 million and profits derived from the delivered town houses have been recognized in the income statement during the financial year under review whereas those from the other sold units will be recognized in the forthcoming financial years.

Dong Guan Zhuan Road and Beijing Nan Road projects, Guangzhou, PRC

The development site at Dong Guan Zhuan Road, Tian He District are under planning stage. In respect of the project sites at 45-107 Beijing Nan Road, Yue Xiu District, design work is in progress.

Property Investment

Shenzhen, PRC

Hon Kwok City Commercial Centre 漢國城市商業中心, situated at the junction of Shen Nan Zhong Road and Fu Ming Road, Futian District, is being developed as an 80-storey commercial/office/residential tower with total gross floor area of 128,000 sq.m. Its superstructure works are in progress and completion of construction is expected to be in 2015. This signature building will be held by the Group for recurrent rental income.

City Square 城市天地廣場, situated at Jia Bin Road, Luo Hu District, is a 5-storey commercial podium. The retail areas at ground level and level 2 of the podium are fully let. The average occupancy and room rates of **The Bauhinia Hotel (Shenzhen)** 寶軒酒店(深圳), a 158-room hotel at levels 3 to 5 of the above podium and **City Suites** 寶軒公寓, a 64-unit serviced apartments on top of it, both are maintained at a satisfactory level.

Guangzhou, PRC

Ganghui Dasha 港滙大廈, situated at the junction of Beijing Road, Nanti Er Road and Baqi Er Road, Yue Xiu District, is a 20-storey commercial/office building with current occupancy rate approximately 75%.

The Bauhinia Hotel (Guangzhou) 寶軒酒店（廣州）, situated at Jie Fang Nan Road, Yue Xiu District, is a 166-room hotel leased by the Group. Its average occupancy and room rates are both satisfactory.

Chongqing, PRC

Chongqing Hon Kwok Centre 重慶漢國中心, situated in Bei Bu Xin Qu, is a completed 21-storey twin-tower office building atop of a 4-storey retail/commercial podium with current occupancy rate exceeding 95%.

Construction works of 金山商業中心 (Jinshan Shangye Zhongxin), adjacent to the above completed property, are well in progress. The whole project is scheduled to be completed by the end of this year. This twin-tower project, with total gross floor area of 133,502 sq.m., is being developed as a grade A office tower and a 5-star hotel plus apartments with a retail/commercial podium.

Hong Kong

The retail areas at ground level of the hotel/apartment building at Connaught Road Central and Des Voeux Road Central have been fully leased out except for two small shops. **The Bauhinia Hotel (Central)** 寶軒酒店(中環), situated at four podium floors of the above building, is a 42-room boutique hotel. Its average occupancy rate exceeds 90% with satisfactory room rates. **The Bauhinia** 寶軒, a 171-room serviced apartments atop of the above hotel, has an average occupancy rate about 80%.

The Bauhinia Hotel (TST) 寶軒酒店（尖沙咀）, situated at nine upper floors of a 23-storey commercial/office building at Observatory Court, Tsim Sha Tsui, is a 44-room boutique hotel with average occupancy rate about 85% and satisfactory room rates. Renovation works for conversion of ten lower floors of the above building into additional 54 hotel rooms are in progress and expected to be completed by early next year. Thereafter, the whole building will become a boutique hotel comprising a total of 98 rooms with the remaining floors as commercial use for rental income.

Hon Kwok Jordan Centre 漢國佐敦中心, situated at Hillwood Road, Tsim Sha Tsui, is a 23-storey commercial/office building with current occupancy over 95% at satisfactory rental rate.

OUTLOOK

The global economic uncertainties remain. Lingering recession in Euro Zone countries continued while U.S. economy only showed signs of tepid recovery. On the other hand, Mainland China’s GDP growth has slowed in the preceding quarter; but inflation rate was maintained at a moderate level of 2.1% in May.

In Mainland China, the “New Five Measures” announced by the Central Government in order to cool down and ensure healthy development of property market appears not to restrain mainland economic growth whereas its impact on property market seems to be mild. However, further tightening measures could not be ruled out if market trends turn out to be undesirable. In view of urbanization momentum, improving domestic demand and relatively accommodative policy support, Mainland China's economic growth looks sustainable.

In Hong Kong, the implementation of additional stamp duties coupled with mortgage control measures is expected to affect investment and high-end housing demands. Hong Kong Government is primarily aiming to stabilise property prices to avoid economic downturn.

James Sai-Wing Wong
Chairman

Hong Kong, 27 June 2013

At the date of this announcement, the directors of the Company are Dr. James Sai-Wing Wong, Madam Madeline May-Lung Wong, Mr. Herman Man-Hei Fung, Mr. Yuen-Keung Chan, Mr. Xiao-Ping Li and Dr. Emily Yen Wong (alternate director to Madam Madeline May-Lung Wong) and the independent non-executive directors are Dr. Daniel Chi-Wai Tse, Mr. Kenneth Kin-Hing Lam and Professor Hsin-Kang Chang.