建業實業有限公司

Chinney Investments, Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 216)

2012-13 ANNUAL RESULTS ANNOUNCEMENT

RESULTS

The directors (the "Directors") of Chinney Investments, 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*	**363,330**	1,059,030
Cost of sales		**(197,261)**	(707,427)
Gross profit		**166,069**	351,603
Other income	*3*	**16,647**	16,736
Gain on disposal of investment properties, net		**2,269**	-
Fair value gains on investment properties, net		**421,624**	180,184
Fair value gain on equity investments at fair value through profit or loss, net		**10,697**	2,955
Selling and distribution expenses		**(14,550)**	(18,289)
Administrative and other operating expenses		**(114,149)**	(110,064)
Finance costs	*4*	**(59,782)**	(50,550)
Share of profits and losses of:			
Associates		**14,497**	6,676
Jointly-controlled entities		**-**	1,824
Profit before tax	*5*	**443,322**	381,075
Income tax expense	*6*	**(25,078)**	(93,838)
Profit for the year		**418,244**	287,237
Attributable to:			
Owners of the Company		**242,540**	127,899
Non-controlling interests		**175,704**	159,338
		418,244	287,237
Dividend – proposed final		**27,568**	27,568

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**43.99** cents	HK23.20 cents
Diluted		HK**43.99** cents	HK22.99 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 March	
	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Profit for the year	**418,244**	287,237
Other comprehensive income		
Gain on property revaluation	**-**	5,489
Share of other comprehensive income of associates	**(37)**	67
Exchange differences on translation of foreign operations	**114,339**	124,795
	114,302	124,862
Other comprehensive income for the year, net of tax	**114,302**	130,351
Total comprehensive income for the year	**532,546**	417,588
Attributable to:		
Owners of the Company	**303,224**	199,520
Non-controlling interests	**229,322**	218,068
	532,546	417,588

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		**102,762**	110,772	115,805
Prepaid land lease payments		**12,792**	13,857	14,579
Investment properties		**6,126,039**	5,245,546	4,784,501
Investments in associates		**493,292**	114,045	112,496
Investments in jointly-controlled entities		**199**	3,433	3,491
Deferred tax assets		**243**	199	117
Loan receivables		**1,103**	2,510	1,608
Total non-current assets		**6,736,430**	5,490,362	5,032,597
CURRENT ASSETS				
Inventories		**6,060**	7,031	11,645
Properties held for sale under development and completed properties held for sale		**2,203,230**	1,792,288	1,811,676
Prepaid land lease payments		**1,261**	1,243	1,186
Equity investments at fair value through profit or loss		**64,736**	54,039	51,061
Trade and bills receivables	*8*	**20,299**	13,144	24,877
Prepayments, deposits and other receivables		**65,205**	47,778	84,719
Amount due from a related company		**496**	417	396
Amount due from jointly-controlled entities		**-**	-	31
Tax recoverable		**1,194**	387	32,198
Pledged deposits		**120,803**	120,371	96,974
Cash and cash equivalents		**463,305**	979,176	1,029,076
Total current assets		**2,946,589**	3,015,874	3,143,839
CURRENT LIABILITIES				
Trade payables and accrued liabilities	*9*	**116,553**	169,530	125,148
Customer deposits		**91,445**	23,612	670,433
Tax payable		**76,121**	87,641	67,492
Interest-bearing bank borrowings		**1,402,316**	1,009,265	821,802
Convertible bonds	*11*	**-**	-	108,355
Total current liabilities		**1,686,435**	1,290,048	1,793,230

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	31 March 2013 *HK$'000*	31 March 2012 *HK$'000* *(Restated)*	1 April 2011 *HK$'000* *(Restated)*
NET CURRENT ASSETS	**1,260,154**	1,725,826	1,350,609
TOTAL ASSETS LESS CURRENT LIABILITIES	**7,996,584**	7,216,188	6,383,206
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	**2,264,333**	1,980,897	1,541,687
Deferred tax liabilities	**310,360**	288,512	245,043
Total non-current liabilities	**2,574,693**	2,269,409	1,786,730
Net assets	**5,421,891**	4,946,779	4,596,476
EQUITY			
Equity attributable to owners of the Company			
Issued capital	**137,842**	137,842	137,842
Reserves	**2,821,434**	2,538,166	2,339,270
Proposed final dividend	**27,568**	27,568	27,568
	2,986,844	2,703,576	2,504,680
Non-controlling interests	**2,435,047**	2,243,203	2,091,796
Total equity	**5,421,891**	4,946,779	4,596,476

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 Amendments, 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 remeasured 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	**58,776**	10,484
Increase in profit attributable to owners of the Company	**33,395**	6,031
Increase in profit attributable to non-controlling interests	**25,381**	4,453
Increase in other comprehensive income attributable to owners of the Company	**625**	1,783
Increase in other comprehensive income attributable to non-controlling interests	**491**	698
Increase in basic earnings per share (HK cents)	**6.1**	1.1
Increase in diluted earnings per share (HK cents)	**6.1**	1.1
Consolidated statement of financial position at 31 March		
Decrease in deferred tax liabilities	**275,858**	215,969
Increase in asset revaluation reserve	**906**	906
Increase in exchange fluctuation reserve	**6,599**	5,974
Increase in retained profits	**147,666**	114,271
Increase in non-controlling interests	**120,687**	94,818

	2011
	HK$'000
Consolidated statement of financial position at 1 April	
Decrease in deferred tax liabilities	203,004
Increase in exchange fluctuation reserve	5,097
Increase in retained profits	108,240
Increase in non-controlling interests	89,667

2. OPERATING SEGMENT INFORMATION

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

(a) the garment segment manufactures and trades garments;

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

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

(d) the "others" segment comprises miscellaneous rental income generated by the Group other than income received from its investment properties and property management service fee income.

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, unallocated gains and expenses, finance costs, share of profits and losses of associates and jointly-controlled entities as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, pledged deposits, cash and cash equivalents, equity investments at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

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

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

2. OPERATING SEGMENT INFORMATION *(Continued)*

	For the year ended 31 March 2013				
	Garment	**Property development**	**Property investment**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Segment revenue:					
Sales to external customers	**124,960**	**43,415**	**155,765**	**39,190**	**363,330**
Segment results	**1,860**	**10,964**	**468,462**	**3,599**	**484,885**
Reconciliation:					
Interest income					**7,208**
Dividend income and unallocated gains					**11,832**
Corporate and other unallocated expenses					**(15,318)**
Finance costs					**(59,782)**
Share of profits and losses of associates					**14,497**
Share of profits and losses of jointly-controlled entities					**-**
Profit before tax					**443,322**

	For the year ended 31 March 2012				
	Garment	Property development	Property investment	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:					
Sales to external customers	159,608	735,687	125,158	38,577	1,059,030
Segment results	2,963	211,183	209,892	1,381	425,419
Reconciliation:					
Interest income					8,064
Dividend income and unallocated gains					3,976
Corporate and other unallocated expenses					(14,334)
Finance costs					(50,550)
Share of profits and losses of associates					6,676
Share of profits and losses of jointly-controlled entities					1,824
Profit before tax					381,075

2. OPERATING SEGMENT INFORMATION *(Continued)*

	At 31 March 2013				
	Garment *HK$'000*	**Property development** *HK$'000*	**Property investment** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Segment assets	**92,489**	**2,272,299**	**6,505,855**	**1,592,218**	**10,462,861**
Reconciliation:					
Elimination of intersegment receivables					**(1,923,614)**
Investments in associates					**493,292**
Investments in jointly-controlled entities					**199**
Corporate and other unallocated assets					**650,281**
Total assets					**9,683,019**
Segment liabilities	**18,222**	**1,233,381**	**468,992**	**411,017**	**2,131,612**
Reconciliation:					
Elimination of intersegment payables					**(1,923,614)**
Corporate and other unallocated liabilities					**4,053,130**
Total liabilities					**4,261,128**

	For the year ended 31 March 2013				
	Garment *HK$'000*	**Property development** *HK$'000*	**Property investment** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Other segment information:					
Fair value gains on investment properties, net	**9,200**	**-**	**412,424**	**-**	**421,624**
Depreciation and amortisation	**1,967**	**1,442**	**1,562**	**8,632**	**13,603**
Capital expenditure *	**722**	**2,351**	**397,681**	**176**	**400,930**

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

2. OPERATING SEGMENT INFORMATION *(Continued)*

	At 31 March 2012				
	Garment *HK$'000*	Property development *HK$'000*	Property investment *HK$'000*	Others *HK$'000*	Total *HK$'000* *(Restated)*
Segment assets	88,705	1,858,345	5,631,837	1,557,587	9,136,474
Reconciliation:					
Elimination of intersegment receivables					(1,901,888)
Investments in associates					114,045
Investments in jointly-controlled entities					3,433
Corporate and other unallocated assets					1,154,172
Total assets					8,506,236
Segment liabilities	19,130	1,216,258	453,471	406,171	2,095,030
Reconciliation:					
Elimination of intersegment payables					(1,901,888)
Corporate and other unallocated liabilities					3,366,315
Total liabilities					3,559,457

	For the year ended 31 March 2012				
	Garment *HK$'000*	Property development *HK$'000*	Property investment *HK$'000*	Others *HK$'000*	Total *HK$'000*
Other segment information:					
Fair value gains on investment properties, net	2,450	-	177,734	-	180,184
Depreciation and amortisation	3,912	2,148	544	6,912	13,516
Capital expenditure *	421	300	192,610	6,533	199,864

* 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	**98,481**	92,176
Mainland China	**152,104**	814,273
Europe	**101,372**	138,720
North America	**10,224**	12,555
Others	**1,149**	1,306
	363,330	1,059,030

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

(b) Non-current assets

	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**2,586,482**	2,208,101
Mainland China	**3,655,111**	3,162,074
	6,241,593	5,370,175

The non-current asset information above is based on the locations of the assets and excludes investments in associates, investments in jointly-controlled entities, deferred tax assets and loan receivables.

3. OTHER INCOME

	2013	2012
	HK$'000	*HK$'000*
Bank interest income	**7,045**	7,221
Other interest income	**163**	843
Dividend income from listed investments at fair value through profit or loss	**1,135**	1,021
Management fee income received from an associate	**3,000**	3,000
Others	**5,304**	4,651
	16,647	16,736

4. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans (including convertible bonds) wholly repayable within five years	**99,630**	74,509
Interest on bank loans wholly repayable after five years	**2,659**	2,642
	102,289	77,151
Less: Interest capitalised under property development projects	**(42,507)**	(26,601)
	59,782	50,550

5. PROFIT BEFORE TAX

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

	2013	2012
	HK$'000	*HK$'000*
Cost of properties sold	**23,210**	510,853
Cost of inventories sold	**97,831**	120,150
Depreciation	**12,342**	12,273
Amortisation of prepaid land lease payments	**1,261**	1,243
Minimum lease payments under operating leases on land and buildings	**20,456**	20,949
Auditors' remuneration	**2,911**	2,859
Employee benefits expense (including directors' remuneration):		
Wages, salaries, allowances and benefits in kind	**85,171**	81,521
Pension scheme contributions	**3,034**	2,263
	88,205	83,784
Less: Amounts capitalised under property development projects	**(9,800)**	(5,135)
	78,405	78,649
Gross rental income included in the following categories:		
Rental income	**(192,718)**	(161,504)
Other income	**(728)**	(136)
	(193,446)	(161,640)
Less: Outgoing expenses	**76,220**	76,424
	(117,226)	(85,216)
Interest income	**(7,208)**	(8,064)

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

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. 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.

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Group:		
Current – Hong Kong		
Charge for the year	**553**	803
Current – Elsewhere		
Charge for the year	**3,921**	46,109
Land appreciation tax in Mainland China	**5,774**	15,105
Deferred	**14,830**	31,821
Total tax charge for the year	**25,078**	93,838

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 of a subsidiary and the dilution effect on earnings assuming there is a full conversion of the convertible bonds of a subsidiary, where applicable. The 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.

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	**242,540**	127,899
Dilution of earnings arising from the full conversion of convertible bonds of a subsidiary	**-**	(1,151)
Profit attributable to ordinary equity holders of the Company after the full conversion of the convertible bonds of a subsidiary	**242,540**	126,748

8. TRADE AND BILLS RECEIVABLES

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

	2013 HK$'000	2012 HK$'000
Within 30 days	**12,370**	6,748
31 to 60 days	**3,559**	1,236
61 to 90 days	**4,370**	5,160
Total	**20,299**	13,144

The Group's trading terms with its customers in the garment segment are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to four months for major customers. Each customer has a maximum credit limit. 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. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade and bills receivables are non-interest-bearing.

9. TRADE PAYABLES AND ACCRUED LIABILITIES

Included in trade payables and accrued liabilities are trade payables of HK$28,190,000 (2012: HK$36,445,000). An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2013 HK$'000	2012 HK$'000
Within 30 days	**23,469**	32,854
31 to 60 days	**4,543**	3,591
61 to 90 days	**167**	-
Over 90 days	**11**	-
Total	**28,190**	36,445

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 5 Hong Kong cents per ordinary share for the year ended 31 March 2013 (2012: 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 10 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.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 and the Managing Director 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 and Managing Director provide 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 are 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.

3. 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.

4. 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.

5. 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$3,667 million as at 31 March 2013 (2012: HK$2,990 million), of which approximately 38% (2012: 34%) of the debts were classified as current liabilities. Included therein were debts of HK$191 million (2012: HK$206 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 10%. 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$584 million as at 31 March 2013 (2012: HK$1,100 million). The Group had committed but undrawn banking facilities of a total of approximately HK$1,297 million at year end available for its working capital purpose.

Total shareholders' funds as at 31 March 2013 were approximately HK$2,987 million (2012 (restated): HK$2,704 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$3,083 million (2012: HK$1,890 million) over the shareholders' funds plus non-controlling interests totalling of approximately HK$5,422 million (2012 (restated): HK$4,947 million), was 57% as at 31 March 2013 (2012 (restated): 38%).

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

Bank balances, certain properties and investments with an aggregate carrying value of approximately HK$6,879 million as at 31 March 2013 and shares in certain subsidiaries were pledged to secure certain banking facilities of the Group.

Employees and remuneration policies

The Group, not including its associates and jointly-controlled entities, employed approximately 890 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$363 million (2012: HK$1,059 million) and HK$243 million (2012 (restated): HK$128 million), respectively. Basic earnings per share were 43.99 Hong Kong cents (2012 (restated): 23.20 Hong Kong cents). The shareholders' equity grew to HK$2,987 million (2012 (restated): HK$2,704 million). Net assets per share were HK$5.42 (2012 (restated): HK$4.90).

The decrease in turnover was mainly due to delay in obtaining relevant government approvals for the construction of Botanica Phase 3, thus slowing down the Group's property sales schedule and fewer properties were delivered and recognised as property sales during the year under review. Comparing with prior financial year when property sales of Botanica Phase 2 were substantially recognised, only portion of Phase 1 of Metropolitan Oasis was launched to the market for pre-sale during the current financial year and delivery of sold units has just started by batches since the end of March 2013. On the other hand, the increase in profit was mainly due to upward revaluation of the Group's investment properties during the year under review.

BUSINESS REVIEW

1. Property Development, Investment and Hotel Operations

The Group's property development and investment activities are conducted by our 55.77% owned Hon Kwok Land Investment Company, Limited ("Hon Kwok") (Stock Code: 160). Hon Kwok reported a turnover of HK$238 million (2012: HK$899 million) and a net profit of HK$402 million (2012 (restated): HK$217 million) for the financial year 2012-13.

1.1 Acquisition of Properties

As disclosed in our Interim Report, on 18 September 2012, Hon Kwok 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 both the Company and Hon Kwok and had been approved by the Company's and Hon Kwok's independent shareholders at their respective extraordinary general meetings. 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 Hon Kwok 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 both the Company and Hon Kwok 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 Hon Kwok Group.

1.2 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 currently under 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, comprising 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 currently under 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 due course.

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

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

1.3 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 both **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 the podium, both reported satisfactory returns.

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 approximate 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 the four podium floors of the above building, is a 42-room boutique hotel. Its average occupany rate exceeds 90% with satisfactory room rates. **The Bauhinia** 寶軒, a 171-room serviced apartments atop of the above hotel, has an average occupation 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 reaches 85% with satisfactory room rates. Renovation works for conversion of ten lower floors of the above building into 54 additional hotel rooms are in progress and expected to be completed in 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 and recorded a decent adjustment of rental rate upon renewal of tenancies with current occupancy rate over 95%.

2. Garment

J.L. Garment Group, our wholly owned subsidiary, reported a turnover of HK$125 million (2012: HK$160 million) with a net profit of HK$3 million (2012: HK$2 million) for the year under review.

The business condition remained extremely tough in the aftermath of the Eurozone debt crisis, greatly affecting the export oriented manufacturing businesses. With no apparent sign of revitalization in the European consumer market, our customers, mainly from Germany and Italy appeared to be more cautious and pessimistic. They tended to scale down their retail sales operation, eventually hitting adversely on our garment sales and profit. Meanwhile, we strive to maintain our existing customer base in the European market and in the meantime explore new business opportunities from the local and South East Asia markets.

Due to increase in labour and material costs, J.L. Group continues to implement tight budget control and optimize its production base in Mainland China to improve overall competitiveness to combat current market condition.

Due to the upsurge of property market in Hong Kong, J.L. Group recognized property revaluation gains of HK$9.2 million (2012: HK$2.5 million) on investment properties while the self use property in Hong Kong was carried at historical cost. The investment properties were leased for rental income.

3. Construction and Trading

Chinney Alliance Group Limited ("Chinney Alliance"), a 29.1% owned associate recorded turnover and net profit for the year ended 31 December 2012 of HK$2,852 million (2011: HK$2,220 million) and HK$50 million (2011: HK$23 million) respectively.

With the implementation of infrastructure projects by Hong Kong Government as well as its policy to boost housing supply, the local construction industry has regained its momentum. A substantial increase in turnover and profit was recorded in the foundation and piling dvision due to the steady increase in the number of projects awarded from both the private and public residential development sectors. Contracts margin has shown improvement amid the highly competitive market. In addition, as additional projects in the building related contracting services division were newly commenced during the year, profit recognized in the second half of the year further enhanced its operating result.

However, the plastic trading division recorded a drop in profit by HK$3 million despite turnover maintained as previous year. Under the present tough and competitive environment, the management continues to develop its business base in China, with focus on customer with growth potential and to develop new products and suppliers to suit the customers' demand.

4. Other investment

Owing to the price fluctuation in Hong Kong stock market for the year under review, the Group recorded in our income statement an unrealized fair value gain of HK$10.5 million from a listed investment held by the Group as long term investment.

OUTLOOK

The global economy remains volatile and challenging. The progress of economic recovery in the European countries and the US remains vital to the global economic recovery. After the Eurozone debt crisis broke out since 2009, the Euro countries have imposed austerity measures while struggling to improve the soaring unemployment and deepening recession. With no sign of recovery, the European Central Bank has recently implemented looser monetary policies to accelerate economic growth. In the US, although statistical data revealed that unemployment rate is improving, it is expected that the US market will remain stagnant for a prolonged period before a sustainable progress is attained.

In the Mainland China, it is expected that the Central Government will continue its restrictive measures to stabilize the residential property market. Nevertheless, in light of the rapid urbanization in China, domestic demand for residential property will remain strong and sustainable. On the other hand, weak manufacturing data recorded in this year indicating a softening external demand on China's manufacturing market. The moderation of economic growth in China, being the world's second largest economy may bring about further uncertainties to the global markets.

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. William Chung-Yue Fan, Mr. Herman Man-Hei Fung and Mr. Paul Hon-To Tong and the independent non-executive directors are Dr. Clement Kwok-Hung Young, Mr. Peter Man-Kong Wong and Mr. James C. Chen.