漢國置業有限公司
Hon Kwok Land Investment Company, Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 160)

2013-14 INTERIM RESULTS ANNOUNCEMENT

RESULTS

The directors (the "Directors") of Hon Kwok Land Investment Company, Limited (the "Company") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2013 together with comparative figures for the corresponding period in the prior year as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 September	
		2013	2012
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*2*	**148,279**	91,224
Cost of sales		**(57,757)**	(37,402)
Gross profit		**90,522**	53,822
Other income	*3*	**4,790**	7,383
Fair value gains on investment properties, net		**443,797**	228,827
Administrative expenses		**(32,094)**	(25,785)
Other operating expenses, net		**(4,241)**	(1,869)
Finance costs	*4*	**(36,298)**	(25,423)
Share of profits and losses of jointly-controlled entities and an associate		**(1)**	-
Profit before tax	*5*	**466,475**	236,955
Income tax expense	*6*	**(121,218)**	(10,226)
Profit for the period		**345,257**	226,729
Attributable to:			
Owners of the Company		**343,970**	226,691
Non-controlling interests		**1,287**	38
		345,257	226,729
Earnings per share attributable to ordinary equity holders of the Company	*7*		
Basic and diluted		**71.62 HK cents**	47.20 HK cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period	**345,257**	226,729
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**56,563**	15
Total comprehensive income for the period	**401,820**	226,744
Attributable to:		
Owners of the Company	**397,521**	226,706
Non-controlling interests	**4,299**	38
	401,820	226,744

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 September 2013 (Unaudited) HK$'000	At 31 March 2013 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**45,428**	46,412
Investment properties	*8*	**6,925,143**	6,098,139
Investments in jointly-controlled entities		**199**	199
Investment in an associate		**369,978**	369,979
Total non-current assets		**7,340,748**	6,514,729
CURRENT ASSETS			
Tax recoverable		**374**	1,194
Properties held for sale under development and completed properties held for sale		**2,342,767**	2,186,302
Trade receivables	*9*	**2,945**	1,098
Prepayments, deposits and other receivables		**59,043**	60,144
Pledged deposits		**120,110**	120,803
Cash and cash equivalents		**591,738**	414,595
Total current assets		**3,116,977**	2,784,136
CURRENT LIABILITIES			
Trade payables and accrued liabilities	*10*	**115,639**	92,636
Interest-bearing bank borrowings		**2,096,027**	1,304,316
Customer deposits		**130,369**	91,445
Tax payable		**73,565**	67,612
Total current liabilities		**2,415,600**	1,556,009
NET CURRENT ASSETS		**701,377**	1,228,127
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,042,125**	7,742,856
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**2,103,280**	2,264,333
Deferred tax liabilities		**418,737**	303,211
Total non-current liabilities		**2,522,017**	2,567,544
Net assets		**5,520,108**	5,175,312

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	At 30 September 2013 (Unaudited) ***HK$'000***	At 31 March 2013 (Audited) *HK$'000*
EQUITY		
Equity attributable to owners of the Company		
Issued capital	**480,286**	480,286
Reserves	**4,782,244**	4,381,711
Proposed final dividend	**-**	60,036
	5,262,530	4,922,033
Non-controlling interests	**257,578**	253,279
Total equity	**5,520,108**	5,175,312

Notes:

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

The unaudited condensed interim consolidated financial statements for the six months ended 30 September 2013 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The unaudited condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2013.

The accounting policies and basis of preparation adopted in the preparation of this unaudited condensed interim consolidated financial statements are consistent with those of the annual financial statements for the year ended 31 March 2013 except that the Group has adopted the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time which are pertinent to its operations and relevant to these unaudited condensed interim consolidated financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income ("OCI")*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

1. **BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICY AND DISCLOSURES** *(Continued)*

HKFRS 7 Amendments require an entity to disclose information about rights to set-off financial instrument and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with HKAS 32. The amendments do not have any material financial impact on the Group.

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 *Consolidated and Separate Financial Statements* and HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 that addresses the accounting for consolidated financial statements. It also addresses the issues raised in HK(SIC)-Int 12. The amendments do not have any material financial impact on the Group.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group adopted HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (2011), HKAS 28 (2011), and the subsequent amendments to these standards issued in July and December 2012 from 1 April 2013.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e. joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The application of this new standard has no material financial impact on the Group.

HKFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities. None of these disclosure requirements are applicable for interim condensed consolidated financial statements, unless significant events and transactions in the interim period require that they are provided. Accordingly, the Group has not made such disclosures.

In July 2012, the HKICPA issued amendments to HKFRS 10, HKFRS 11 and HKFRS 12 which clarify the transition guidance in HKFRS 10, provide further relief from full retrospective application of these standards, and limit the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before HKFRS 12 is first applied. These amendments have no material impact on the Group.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use has already been required or permitted under other HKFRSs. The application of this new standard has no material financial impact on the Group.

HKAS 1 Amendments introduce a grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g. net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (e.g. actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments do not have any material impact on the Group.

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICY AND DISCLOSURES *(Continued)*

HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. The application of this new standard does not have any material impact on the Group.

Annual Improvements 2009-2011 Cycle issued in June 2012 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has a significant financial impact on the Group.

2. OPERATING SEGMENT INFORMATION

The Group is principally engaged in property development, property investment and property related activities. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Operating segments are reported in a manner consistent with the internal reporting provided to key management personnel.

	Six months ended 30 September 2013 (Unaudited)			
	Property development *HK$'000*	**Property investment** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Segment revenue:				
Sales to external customers	**42,526**	**85,660**	**20,093**	**148,279**
Segment results	**19,790**	**503,634**	**(1,040)**	**522,384**
Reconciliation:				
Interest income				**2,512**
Unallocated expenses				**(22,122)**
Finance costs				**(36,298)**
Share of profits and losses of jointly-controlled entities and an associate				**(1)**
Profit before tax				**466,475**

	Six months ended 30 September 2012 (Unaudited)			
	Property development *HK$'000*	Property investment *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:				
Sales to external customers	-	71,905	19,319	91,224
Segment results	(1,915)	278,877	(1,265)	275,697
Reconciliation:				
Interest income				3,487
Unallocated expenses				(16,806)
Finance costs				(25,423)
Profit before tax				236,955

2. **OPERATING SEGMENT INFORMATION** *(Continued)*

	At 30 September 2013 (Unaudited)			
	Property development *HK$'000*	**Property investment** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Segment assets	**2,500,225**	**7,341,319**	**1,485,881**	**11,327,425**
Reconciliation:				
Elimination of intersegment receivables				**(1,952,099)**
Investments in jointly-controlled entities				**199**
Investment in an associate				**369,978**
Corporate and other unallocated assets				**712,222**
Total assets				**10,457,725**
Segment liabilities	**1,165,431**	**476,358**	**556,318**	**2,198,107**
Reconciliation:				
Elimination of intersegment payables				**(1,952,099)**
Corporate and other unallocated liabilities				**4,691,609**
Total liabilities				**4,937,617**

	At 31 March 2013 (Audited)			
	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

3. OTHER INCOME

	Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Bank interest income	**2,512**	3,487
Gain on disposal of investment properties, net	**324**	1,711
Others	**1,954**	2,185
	4,790	7,383

4. FINANCE COSTS

	Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**69,800**	38,843
Interest on bank loans wholly repayable after five years	**1,017**	1,371
	70,817	40,214
Less: Interest capitalized under property development projects	**(34,519)**	(14,791)
	36,298	25,423

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**4,311**	4,020
Employee benefit expense (including directors' remuneration)	**17,662**	14,351
Less: Amounts capitalized under property development projects	**(4,200)**	(4,500)
	13,462	9,851

6. INCOME TAX

	Six months ended 30 September 2013 (Unaudited) *HK$'000*	2012 (Unaudited) *HK$'000*
Group:		
Current – Outside Hong Kong	**9,501**	616
Deferred	**111,717**	9,610
Total tax charge for the period	**121,218**	10,226

No Hong Kong profits tax has been provided as the Group companies have available tax losses brought forward from prior years to offset the assessable profits generated during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company of HK$343,970,000 (2012: HK$226,691,000) and the number of 480,286,201 ordinary shares in issue during both periods.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 September 2013 and 2012 in respect of a dilution as the Group has no potential dilutive ordinary shares in issue during both periods.

8. INVESTMENT PROPERTIES

During the period, one of the Group's investment properties under construction which was stated at cost as at 31 March 2013 are revalued on an open market, existing use basis, by independent professionally qualified valuers as its fair value can be determined reliably. This gives rise to a revaluation gain of HK$442 million and a related deferred tax of HK$111 million which were both recognized in the income statement for the period.

9. 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:

	At 30 September 2013 (Unaudited) ***HK$'000***	At 31 March 2013 (Audited) *HK$'000*
Within 30 days	**2,520**	953
31 to 60 days	**405**	123
61 to 90 days	**20**	22
Total	**2,945**	1,098

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 case 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.

10. TRADE PAYABLES AND ACCRUED LIABILITIES

Included in the trade payables and accrued liabilities are trade payables of HK$14,784,000 (at 31 March 2013: HK$20,356,000). An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	At 30 September 2013 (Unaudited) ***HK$'000***	At 31 March 2013 (Audited) *HK$'000*
Within 30 days	**14,784**	20,356

11. CONTINGENT LIABILITIES

As at 30 September 2013, the Group has given guarantees of HK$5,068,000 (as at 31 March 2013 (audited): HK$7,078,000) 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 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 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 during the six months ended 30 September 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 six months ended 30 September 2013, except for the following deviations:

1. 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.

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 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.

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. Mr. Xiao-Ping Li, executive director of the Company, Madam Madeline May-Lung Wong and Dr. Emily Yen Wong, non-executive directors of the Company and Dr. Daniel Chi-Wai Tse and Mr. Kenneth Kin-Hing Lam, independent non-executive directors of the Company, did not attend the 2013 annual general meeting of the Company held on 29 August 2013 due to their own business engagements or other commitments.

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 Company's interim results for the six months ended 30 September 2013 have not been audited, but have been reviewed by the Audit Committee.

FINANCIAL REVIEW

Liquidity and financial resources

The total interest-bearing debts of the Group amounted to approximately HK$4,199 million as at 30 September 2013 (as at 31 March 2013: HK$3,569 million), of which approximately 50% (as at 31 March 2013: 37%) of the debts were classified as current liabilities. Included therein were debts of HK$209 million (as at 31 March 2013: HK$184 million) related to bank loans with repayable on demand clause and HK$1,538 million related to project loans which will be refinanced during the forthcoming twelve months. 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 an investment property with increased facility and the drawdown of construction bank loans for mainland development projects.

Total cash and bank balances including time deposits were approximately HK$712 million as at 30 September 2013 (as at 31 March 2013: HK$535 million). The Group had committed but undrawn banking facilities of a total of approximately HK$491 million at period end available for its working capital purpose.

Total shareholders' funds as at 30 September 2013 were approximately HK$5,263 million (as at 31 March 2013: HK$4,922 million). The increase was mainly due to current period's profit attributable to shareholders.

The gearing ratio of the Group, as measured by the net interest-bearing debts of approximately HK$3,487 million (as at 31 March 2013: HK$3,034 million) over the shareholders' funds plus non-controlling interests totalling of approximately HK$5,520 million (as at 31 March 2013: HK$5,175 million), was 63% as at 30 September 2013 (as at 31 March 2013: 59%).

Funding and treasury policies

There are no significant changes in the Group's funding and treasury policies. As at 30 September 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$7,732 million as at 30 September 2013 were pledged to secure certain banking facilities of the Group.

Employees and remuneration policies

The Group, not including its jointly-controlled entities, employed approximately 330 employees as at 30 September 2013. There have been no significant changes in the remuneration policies and benefits to the employees of the Group.

FINANCIAL RESULTS

The Group's unaudited consolidated turnover and net profit attributable to shareholders for the six months ended 30 September 2013 amounted to HK$148 million (2012: HK$91 million) and HK$344 million (2012: HK$227 million), respectively. Basic earnings per share were 71.62 Hong Kong cents (2012: 47.20 Hong Kong cents). As at 30 September 2013, the shareholders' equity amounted to HK$5,263 million (as at 31 March 2013: HK$4,922 million) and net assets per share attributable to shareholders were HK$10.96 (as at 31 March 2013: HK$10.25).

The increase in profit was mainly attributable to the recognition of property revaluation gain, net of deferred tax, of HK$332 million (2012: HK$219 million).

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2013 (2012: Nil).

BUSINESS REVIEW

Property Development and Sales

Botanica Phase 3 寶翠園三期, Guangzhou, PRC

The Botanica 寶翠園, with total gross floor area of approximately 229,000 sq.m., is situated in the greenery zone of Tian He District near the Botanical Garden. It comprises 39 blocks of high-rise residential building and 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 profits derived therefrom had been recognized in the income statements. Foundation works of **Botanica Phase 3** 寶翠園三期, comprises 12 blocks of about 530 units, have been completed and superstructure works are progressing by stages.

Metropolitan Oasis 雅瑤綠洲, Nanhai, PRC

The whole project, situated in Da Li District, Nanhai, is scheduled for development by phases with total gross floor area of approximately 273,000 sq.m. Phase I of the project comprises 71 units of 3-storey completed town houses of about 18,000 sq.m. and 24 blocks of high-rise apartments of about 121,000 sq.m. under construction which are expected to be completed by stages commencing in the current financial year through 2015/16. Up to the date of this announcement, about 70% of the above town houses and four blocks of apartment units have been sold, generated sale proceeds exceeding RMB250 million. The delivery of town houses to individual purchasers is in progress and profits derived therefrom have been recognized in the income statements whereas the above four blocks of apartment units are under internal finishing and will be delivered to purchasers at a later stage.

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

The project at Dong Guan Zhuan Road, Tian He District and another one at 45-107 Beijing Nan Road, Yue Xiu District are both under the planning and design stage.

Enterprise Square* 僑城坊*, Shenzhen, PRC

The vacant site, situated at Qiaoxiang Road North, Nanshan District, is to be developed into a group of buildings for composite use with total gross floor area of approximately 224,500 sq.m. Its foundation works are well in progress. The Group has 20% interest in this project which is expected to be benefited by the on-going development of Qianhai special pilot zone.

Property Investment

Shenzhen, PRC

Superstructure works of **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 and with total gross floor area of 128,000 sq.m., are in progress. Construction of this 80-storey commercial/office/residential tower is expected to be completed in 2015 and the Group plans to hold this signature building for recurrent rental income.

The ground level retail shops and level 2 of the 5-storey commercial podium of **City Square** 城市天地廣場, situated at Jia Bin Road, Luo Hu District, are fully let. **The Bauhinia Hotel (Shenzhen)** 寶軒酒店（深圳）, a 162-room hotel at levels 3 to 5 of the above podium and **City Suites** 寶軒公寓, a 64-unit serviced apartments atop of the same podium, both maintain average occupancy and room rates at a satisfactory level.

Guangzhou, PRC

The current occupancy rate of **Ganghui Dasha** 港滙大廈, a 20-storey commercial/office building situated at the junction of Beijing Road, Nanti Er Road and Baqi Er Road, Yue Xiu District, is about 85%.

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

Chongqing, PRC

Chongqing Hon Kwok Centre 重慶漢國中心, a 21-storey twin-tower office building atop of a 4-storey retail/commercial podium and situated in Bei Bu Xin Qu, is fully let.

Jinshan Shangye Zhongxin 金山商業中心, with total gross floor area of 133,502 sq.m., is also situated in Bei Bu Xin Qu and adjacent to the above **Chongqing Hon Kwok Centre** 重慶漢國中心. Construction works of this twin-tower project, being developed as a grade A office tower and a 5-star hotel plus serviced apartments building with respective retail/commercial podium, are scheduled to be completed by the end of next month. During the period under review, a revaluation gain of HK$331 million, net of deferred tax, in respect of this project was recognized in the income statement in line with the prevailing accounting standards as such revaluation gain could be determined reliably.

Hong Kong

The occupancy rate of the retail areas at ground floor of the hotel/apartment building at Connaught Road Central and Des Voeux Road Central is currently above 80%. The average occupancy rate of **The Bauhinia Hotel (Central)** 寶軒酒店（中環）, a 42-room boutique hotel situated at four podium floors of the above building, exceeds 90% with satisfactory room rates while the current occupancy rate of **The Bauhinia** 寶軒, a 171-room serviced apartments atop of the above hotel, is over 80%.

The Bauhinia Hotel (TST) 寶軒酒店（尖沙咀）, a 44-room boutique hotel situated at the upper portion of a 23-storey commercial/office building at Observatory Court, Tsim Sha Tsui, maintains an average occupancy rate nearly 80% with satisfactory room rates. Renovation works for conversion of the lower floors of the above building into additional 54 hotel rooms are expected to be completed before the coming Chinese New Year and upon completion, the whole building will comprise a 20-storey boutique hotel with a total of 98 rooms and the remaining floors for commercial use.

Hon Kwok Jordan Centre 漢國佐敦中心, a 23-storey commercial/office building well located at Hillwood Road, Tsim Sha Tsui, is currently being occupied up to 95%.

OUTLOOK

The US economy grew faster than expected in the third quarter and the recent release of economic data also showed signs of improvement. On the other hand, Eurozone economy continues to be volatile that led to an interest rate cut to a record low early this month in response to a slump in inflation.

In Mainland China, its GDP growth rebounded in the third quarter and it is likely that the full-year target of 7.5% for 2013 could be achieved. In view of the rise in property prices throughout the year in major cities as well as numerous record-breaking land prices transacted in previous months, the Central Government is not expected to relax the existing administrative measures in order to curb the overheated property market. Nevertheless, with the continued support for first-time home buyers by the Central Government coupled with the urbanization scheme, housing market is expected to be sustainable.

The Hong Kong property price movement in the near term may still be dominated by the US Federal Reserve's timeline of its QE3 tapering and any possible postponement of which is likely to lend support to the local property prices.

James Sai-Wing Wong
Chairman

Hong Kong, 28 November 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 and the independent non-executive directors are Dr. Daniel Chi-Wai Tse, Mr. Kenneth Kin-Hing Lam and Professor Hsin-Kang Chang.