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漢國置業有限公司

Hon Kwok Land Investment Company, Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 160)

2008-09 ANNUAL RESULTS ANNOUNCEMENT

HIGHLIGHTS

- In Guangzhou, pre-sale of Botanica Phase 1 launched in November 2008 and No. 5 Residence on Beijing Road in April 2009. Over 95% and 94% of the respective residential units pre-sold up to mid July 2009. Total proceeds exceeding RMB504 million (approximately HK$573 million) and completion of these two projects is expected to be around the end of 2009. Pre-sale of about 400 residential units in Botanica Phase 2 is planned to commence in late 2009.
- Disposal of the Yien Yieh Commercial Building site and sale of 9 ground floor shops at Kensington Plaza in Jordan completed in July 2008. Together with sale of our Toronto Phase 2 project site (50% share) in March 2009 and other property stocks in Hong Kong, total proceeds of over HK$526 million received during the 2008-09 financial year.
- Construction works for our 108,000 sq.m. twin-tower commercial/residential complex in Chongqing completed in March 2009, now known as “Chongqing Hon Kwok Centre”. Interior fitting-out works scheduled for completion by the third quarter of 2009 and leasing plan in progress.
- Acquired from a joint venture partner the remaining 50% interest in another Chongqing vacant site at a consideration of HK$40 million in January 2009.
- Construction and renovation works for 2 boutique hotels in Hong Kong, 1 in Shenzhen and 1 in Guangzhou in progress. All scheduled for completion in late 2009 or early 2010. Coupled with our existing serviced apartments in Hong Kong and in Shenzhen, the Group will be operating over 660 guest rooms which will strengthen our future recurrent income base.

For the year ended 31 March	**2009** ***HK$'M***	2008 *HK$'M*	Increase / Decrease *HK$'M*	*+ / –*
1. **Turnover**	**195**	1,251	*(1,056)*	*– 84%*
2. **Profit attributable to shareholders** after revaluation on investment properties *(note 1)*	**77**	400	*(323)*	*– 81%*
3. **Basic earnings per share** *(in HK cents)*	**16**	83	*(67)*	*– 81%*
4. **Proposed final dividend per share** *(in HK cents)*	**12.5**	12.5		*No change*
At 31 March	***HK$'M***	*HK$'M*		
5. **Bank borrowings less bank balances**	**927**	909	*18*	*+ 2%*
6. **Shareholders' funds**	**3,150**	3,102	*48*	*+ 2%*
7. **Gearing ratio** *(note 2)*	**37%**	37%		*No change*
8. **Net assets per share attributable to shareholders** *(in HK$)*	**6.56**	6.46	*0.10*	*+ 2%*

Notes:

1. *Drop in profit mainly due to reduction in net revaluation gain on investment properties and decrease in property sales. Details shown in the financial statements below.*
2. *Representing ratio of “bank borrowings + convertible bonds – bank balances” to “shareholders' funds + minority interests”.*

FINANCIAL RESULTS

For the year ended 31 March 2009, the Group's consolidated turnover and net profit attributable to shareholders amounted to HK$195 million (2008: HK$1,251 million) and HK$77 million (2008: HK$400 million), respectively. Basic earnings per share were 16 Hong Kong cents (2008: 83 Hong Kong cents). The shareholders' equity amounted to HK$3,150 million (2008: HK$3,102 million). Net assets per share attributable to shareholders were HK$6.56 (2008: HK$6.46).

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 2009 (2008: 12.5 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 10 September 2009. 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 6 October 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 7 September 2009 to 10 September 2009 (both days inclusive), during which period no share transfers will be registered. In order to qualify for the 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 2009.

BUSINESS REVIEW

1. Property Development and Sales

Guangzhou, PRC

Situated in a greenery zone of Guangzhou with exceptional refreshing and pleasant environment and coupled with the benefits from economic and property stimulus measures of Central and Municipal Governments since late 2008, the pre-sale of our **Botanica Phase 1 (寶翠園一期)** in the northern part of Tian He District launched in November 2008 has been satisfactory. Of the 311 residential units offered to the market, over 95% have been pre-sold with total proceeds exceeding RMB306 million. Renovation works of these eight mid-rise blocks and construction of a club house are in progress. Delivery of the residential units to purchasers will commence in the last quarter of 2009. Building plans of **Botanica Phase 2 (寶翠園二期),** which also comprises eight blocks of approximately 400 residential units, have been approved. Construction works are in progress and scheduled for completion in mid 2010. Subject to market conditions, pre-sale is expected to be commenced in late 2009.

The Group saw the latent demand and an encouraging property market sentiment for residential flats since March this year. Pre-sale of 143 residential units of **No. 5 Residence (北京路5號公館)** at Beijing Road in the heart of Yue Xiu District has been well received. In the proximity of Pearl River, certain mid to upper floor residence can enjoy a delightful river view. Almost 80% of the units were pre-sold within one month of pre-sale since mid April 2009. Up to mid July 2009, over 94% pre-sold with total sales proceeds of approximately RMB198 million. Building plans for an **adjacent development project** of a residential tower atop a retail podium with a total gross floor area of about 27,180 sq.m. are being finalized.

The pre-sale of the above two projects has generated total sales proceeds of over RMB504 million (approximately HK$573 million).

Chongqing, PRC

In January 2009, the Group acquired the remaining 50% interest in the **Phase 2 project** in Bei Bu Xin Qu from our joint venture partner at a consideration of HK$40 million. Plans have been submitted to local authorities for development of a grade A office tower and a 5-star hotel and serviced apartments with a total gross floor area of about 134,000 sq.m.

Shenzhen, PRC

Detailed construction plans of our 128,000 sq.m. development project "**Hon Kwok City Commercial Centre 漢國城市商業中心**" on Shen Nan Zhong Road, Fu Tian District, are expected to be finalized by the end of 2009. Facing the Shenzhen Central Park and adjacent to Hua Qiang Bei Commercial/Retail Zone, this signature building will comprise 75 floors of grade A offices, commercial apartments and luxury serviced apartments atop a 5 level retail and carpark podium.

Toronto, Canada

The site for our **Phase 2** project was disposed of in March 2009. Our 50% share of the sales proceeds of approximately CAD9 million (currently about HK$61 million) plus our 75% share of the proceeds from sale of several remaining **Phase 1** residential units of about CAD2 million (currently about HK$14 million) are retained in Canada for other investment opportunities.

Development Land Bank

Including jointly-owned entities and after the completion of the 108,000 sq.m. Chongqing Phase 1 project during the financial year, the Group has nine projects under development in the Mainland China with a total gross floor area of approximately 1,124,110 sq.m., details as follows:

Projects as of 31 March 2009	Approximate Gross Floor Area *sq.m.*
1. Shenzhen, Hon Kwok City Commercial Centre	128,000
2. Guangzhou, Botanica	228,650
3. Guangzhou, No. 5 Residence	20,340
4. Guangzhou, 45-65 Beijing Nan Road	27,180
5. Guangzhou, 67-107 Beijing Nan Road	38,570
6. Guangzhou, Liwan project	40,410
7. Guangzhou, Dong Guan Zhuan project	234,670
8. Nanhai, Yayao Oasis	272,790
9. Chongqing, Phase 2 project	133,500
	1,124,110

2. Investment Properties in the PRC

In addition to the investment property portfolio in Hong Kong, the Group is strategically retaining properties in the PRC at prime locations and with immense potential for capital appreciation. These properties, currently with approximate gross floor area of 135,000 sq.m., are to be held for long term investment purposes.

Chongqing, PRC

Construction works for our 108,000 sq.m. twin-tower commercial/residential complex, now known as "**Chongqing Hon Kwok Centre 重慶漢國中心**", were completed in March 2009. Interior fitting-out works are scheduled for completion by the third quarter of this year and leasing of the office, commercial apartment and retail areas is in good progress.

Shenzhen, PRC

To leverage on the market and business opportunities associated with opening of a new luxury shopping mall located opposite to our **City Square (城市天地廣場)** with hotel, serviced apartments and office facilities early next year, the Group is converting levels 3 to 5 of podium floors at **City Square** to a 176 room hotel to be named as "**City Square Hotel 深圳寶軒酒店**". Same as the tenants of our 64 serviced apartments at "**City Suites 寶軒公寓**", hotel guests will be entitled to use the club house facilities at **City Square**. To further facilitate our apartment and hotel guests, the entire level 2 at **City Square** has been leased to a restaurant operator and leasing for retail shops on level 1 is in progress. The hotel is planned for soft opening in late 2009. Total gross floor area of the serviced apartments, hotel and retail podium at **City Square** to be retained for long term rental investment is approximately 27,000 sq.m.

Guangzhou, PRC

The Group also intends to hold for long term investment purposes the retail podium floors at our **No. 5 Residence** on Beijing Road and the two adjoining projects under development. Total retail gross floor area is planned to be exceeding 22,000 sq.m.

3. "The Bauhinia" Hotels and Serviced Apartments

Based on the expertise gained in running successfully our serviced apartments at **The Bauhinia (寶軒)** on Des Voeux Road Central, Hong Kong and **City Suites (寶軒公寓)** in Luo Hu, Shenzhen, the Group is expanding the "**The Bauhinia 寶軒**" brand to cover hotel accommodation for short stay tourists and business travelers in Hong Kong, Shenzhen and Guangzhou. The Group's additional investment and operating costs for the hotel operations will be relatively low as they share the benefits of synergy and economy of scale from our existing management, logistics and club facilities in addition to nearby entertainment and shopping arcades.

Hong Kong

Alteration and renovation works to convert four office podium floors at **The Bauhinia/Honwell Commercial Centre (寶軒及漢貿商業中心)** on Des Voeux Road Central to a 42 room up-market boutique hotel and nine upper office floors at **Hon Kwok TST Centre (漢國尖沙咀中心),** to be renamed as "**Knutsford Place**", in Tsimshatsui to a 44 room stylish boutique hotel are in good progress. The two new hotels are to be named as "**The Bauhinia (Central) Hotel 寶軒(中環)酒店**" and "**The Bauhinia (TST) Hotel 寶軒(尖沙咀)酒店**". Their soft openings are respectively scheduled for the first quarter of 2010 and late 2009.

Shenzhen, PRC

As mentioned under "Investment Properties in the PRC" above, the soft opening of our 176 room **City Square Hotel** is expected to be around late 2009.

Guangzhou, PRC

The Group has acquired management rights to operate a hotel on Jie Fang Road, Yue Xiu District. Upon completion of our upgrade and refurbishment program, a new hotel to be renamed "**The Bauhinia Guangzhou 廣州寶軒酒店**" with 166 guest rooms is planned for soft opening in the fourth quarter of 2009.

In summary, excluding the 5-star hotel and serviced apartments to be developed in Chongqing, the Group will be operating a total of 663 guest rooms in Hong Kong and the Mainland China.

	Serviced Apartment Rooms	Hotel Rooms	Total
Hong Kong	171	86	257
Shenzhen	64	176	240
Guangzhou	-	166	166
	235	428	663

4. Disposal of Investment Property and Property Stocks

As reported in our Interim Report, the disposal of our investment property **Yien Yieh Commercial Building (鹽業商業大廈)** ("**Yien Yieh**") as a vacant site and the remaining stock of 9 ground floor shops at **Kensington Plaza (金威廣場)** in Jordan were completed in July 2008. Together with sale of other property stocks in Hong Kong during the financial year under review, total cash proceeds amounted to over HK$459 million.

Though **Yien Yieh** was a fairly old commercial/office building, it was very well located right opposite to our serviced apartments at **The Bauhinia**/**Honwell Commercial Centre** at the junction of Des Voeux Road Central and Man Wah Lane. **Yien Yieh** was acquired by the Group through public tender for HK$68 million in 2002 when the building was mostly tenanted except the portion originally occupied by a bank. Through efforts of our leasing agents, the occupancy rate of initially 34% was increased to over 80% within months after our acquisition. **Yien Yieh** was sold for HK$335 million in 2008. Its valuation amounted to HK$310 million as of the previous financial year end on 31 March 2008. Intention of the Group to acquire **Yien Yieh** was to hold it as long term investment for recurrent rental income. This was in line with our corporate strategy as specified in our 2005-06 Annual Report that the Group has decided not to engage in further property development in Hong Kong but only intended to enlarge our investment property portfolio to enhance recurrent rental income and concentrate management efforts for all property development activities in the Mainland China.

OUTLOOK

Almost 10 months after the outbreak of the global financial tsunami since September 2008, loss of confidence on the financial systems seems to be restored as a result of massive injection of liquidity by central banks all over the world in a consorted effort to avert a major banking crisis. Yet, for the general economy, fundamentals are still weak showing no sign of any recovery in the short and medium terms. US unemployment rate in June 2009 soared to a 26-year record high of 9.5% with unemployed numbered in excess of 14,700,000. In 2007, consumer spending constituted 72% of US annual GDP. With saving rate grew from 0.2% in March 2008 to 7% in May 2009, US consumers are no longer spending as in the past, resulting in large number of corporate failures. In April 2009 alone, over 8,000 US companies filed for Chapter 11 protection. The Mainland China exports plunged for seven consecutive months to 26.4% in May against last year and Hong Kong retail sales tumbled 6.2% year-on-year in May 2009. All these data reveal that the results of economic stimulus measures launched by various governments are yet to be seen. Undoubtedly, the US economy remains sluggish and may continue for a prolonged period.

However, in Hong Kong and the Mainland China, both the stock and property markets have surged since March this year. The rally is likely due to the result of massive influx of liquidity or hot money (including that from relaxation of bank lending policy and overseas hedge funds), near-zero interest rate, fear of deflation in dollar notes (with which Hong Kong dollars are pegged) and acquisition for higher yield assets to hedge against future inflation. Hong Kong property prices have been up by over 15% generally since the beginning of 2009. For the first five months, property sales by value doubled in Beijing, soared 61.9% in Shanghai and jumped 52.5% in Guangdong from a year ago.

It is difficult to determine when this liquidity-induced wealth effect will be channeled out of the property and stock markets. If that happens, the rally inevitably can no longer be sustained and both stock and property prices will be prone to adjustments and consolidation.

The sphere and depth of adverse impact to Hong Kong under the financial tsunami as well as the recent swine flu are apparently much less severe than the 1997 Asian financial turmoil and the 2003 SARS. Business affected most is largely associated with US exports and manufacturing sectors, related logistics chain, certain investment bankers and retailers. Both Hong Kong and the Mainland China seem to be relatively more resilient to the current financial crisis than overseas countries. The Central Government's economic stimulus measures to encourage domestic consumption and large scale infrastructure projects have effectively stabilized local economy.

While the PRC property market continues its recovery, the Group will expedite our development projects and realize our property stocks. Towards the end of the year, our investment property in Chongqing and the hotels in Hong Kong, Shenzhen and Guangzhou will commence operations to generate stable recurrent income for the Group in the years ahead. The sales proceeds from pre-sale of the two Guangzhou projects together with that from disposal of the Hong Kong properties and the two Toronto projects since April 2008 amounted to over HK$1,113 million. Not only enabling the Group to further reduce its gearing level, such proceeds will equip the Group with adequate liquidity to replenish our investment and development land bank as soon as suitable opportunities arise, both in Hong Kong and the Mainland China. Given a steady environment for economic recovery, the directors are confident that your Group will continue to perform well in the coming year.

Finally, I would like to take this opportunity to thank my fellow directors and all staff for their contributions and hard work during the past year.

James Sai-Wing Wong
Chairman

Hong Kong, 16 July 2009

CONSOLIDATED INCOME STATEMENT

		For the year ended 31 March	
		2009	2008
	Notes	***HK$'000***	*HK$'000*
Revenue	*2*	**194,858**	1,250,745
Cost of sales		**(152,909)**	(1,009,228)
Gross profit		**41,949**	241,517
Other income	*3*	**7,609**	44,588
Fair value gains/(losses) on investment properties, net		**(251,189)**	381,004
Fair value gains on properties held for sale transferred to investment properties		**38,188**	-
Fair value gain on a completed property transferred to investment property		**315,625**	-
Gain on disposal of investment properties		**22,252**	15,550
Administrative expenses		**(49,513)**	(65,731)
Other operating expenses, net		**(9,743)**	(21,522)
Finance costs	*4*	**(28,619)**	(79,954)
Share of profits of jointly-controlled entities		**25,239**	493
Profit before tax	*5*	**111,798**	515,945
Tax	*6*	**(38,678)**	(79,021)
Profit for the year		**73,120**	436,924
Attributable to:			
Equity holders of the Company		**76,500**	399,516
Minority interests		**(3,380)**	37,408
		73,120	436,924
Dividend – proposed final		**60,036**	60,036
Earnings per share attributable to ordinary equity holders of the Company	*7*		
Basic		**HK16 cents**	HK83 cents
Diluted		**HK15 cents**	HK77 cents

CONSOLIDATED BALANCE SHEET

		At 31 March	
		2009	2008
	Notes	***HK$'000***	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**26,340**	26,395
Properties under development		**1,712,258**	1,699,408
Investment properties		**2,558,115**	2,373,878
Interests in jointly-controlled entities		**24,848**	55,880
Total non-current assets		**4,321,561**	4,155,561
CURRENT ASSETS			
Amounts due from jointly-controlled entities		**178,837**	159,417
Tax recoverable		**191**	464
Properties held for sale		**533,608**	523,230
Trade receivables	*8*	**1,479**	5,550
Prepayments, deposits and other receivables		**26,320**	27,806
Cash and cash equivalents		**324,455**	519,226
Total current assets		**1,064,890**	1,235,693
CURRENT LIABILITIES			
Trade payables and accrued liabilities	*9*	**154,242**	144,836
Interest-bearing bank borrowings		**379,091**	576,999
Amount due to a related company		**-**	44
Customer deposits		**76,191**	38,528
Tax payable		**60,393**	58,126
Total current liabilities		**669,917**	818,533
NET CURRENT ASSETS		**394,973**	417,160
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,716,534**	4,572,721
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**872,227**	851,267
Promissory note payable		**20,000**	-
Convertible bonds		**299,475**	279,980
Deferred tax liabilities		**230,544**	190,879
Total non-current liabilities		**1,422,246**	1,322,126
Net assets		**3,294,288**	3,250,595

CONSOLIDATED BALANCE SHEET *(Continued)*

	At 31 March	
	2009	2008
	HK$'000	*HK$'000*
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	**480,286**	480,286
Equity component of convertible bonds	**24,826**	24,826
Reserves	**2,585,037**	2,537,126
Proposed final dividend	**60,036**	60,036
	3,150,185	3,102,274
Minority interests	**144,103**	148,321
Total equity	**3,294,288**	3,250,595

Notes:

1. **BASIS OF PREPARATION AND IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's financial statements.

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 Financial Instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets
HK(IFRIC) - Int 12	Service Concession Arrangements
HK(IFRIC) - Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new interpretations and amendments has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

2. SEGMENT INFORMATION

The Group is principally engaged in property development, property investment and property related activities.

(a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2009 and 2008.

	For the year ended 31 March 2009			
	Property development *HK$'000*	**Property investment** *HK$'000*	**Others** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue:				
Sales to external customers	**110,033**	**47,539**	**37,286**	**194,858**
Segment results	**(17,044)**	**157,519**	**5,285**	**145,760**
Interest income				**2,741**
Unallocated gains				**55**
Unallocated expenses				**(33,378)**
Finance costs				**(28,619)**
Share of profits of jointly-controlled entities	**25,239**	**-**	**-**	**25,239**
Profit before tax				**111,798**
Tax				**(38,678)**
Profit for the year				**73,120**

	For the year ended 31 March 2008			
	Property development *HK$'000*	Property investment *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Segment revenue:				
Sales to external customers	1,156,454	58,377	35,914	1,250,745
Segment results	186,873	436,464	6,497	629,834
Interest income				10,750
Unallocated gains				147
Unallocated expenses				(45,325)
Finance costs				(79,954)
Share of profits of jointly-controlled entities	493	-	-	493
Profit before tax				515,945
Tax				(79,021)
Profit for the year				436,924

2. SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

	At 31 March 2009				
	Property development *HK$'000*	Property investment *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Assets and liabilities					
Segment assets	2,284,854	2,802,859	2,100,283	(2,329,878)	4,858,118
Interests in jointly-controlled entities	24,848	-	-	-	24,848
Amounts due from jointly-controlled entities	178,837	-	-	-	178,837
Unallocated assets					324,648
Total assets					5,386,451
Segment liabilities	1,350,348	956,462	273,501	(2,329,878)	250,433
Unallocated liabilities					1,841,730
Total liabilities					2,092,163

	For the year ended 31 March 2009				
	Property development *HK$'000*	Property investment *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Other segment information:					
Depreciation	2,023	136	933	-	3,092
Fair value losses on investment properties, net	-	(251,189)	-	-	(251,189)
Fair value gains on properties held for sale transferred to investment properties	-	38,188	-	-	38,188
Fair value gain on a completed property transferred to investment property	-	315,625	-	-	315,625
Capital expenditure	1,804	2	846	-	2,652

2. SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

	At 31 March 2008				
	Property development *HK$'000*	Property investment *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Assets and liabilities					
Segment assets	2,272,159	2,435,050	2,287,384	(2,338,326)	4,656,267
Interests in jointly-controlled entities	55,880	-	-	-	55,880
Amounts due from jointly-controlled entities	159,417	-	-	-	159,417
Unallocated assets					519,690
Total assets					5,391,254
Segment liabilities	1,317,561	1,134,520	69,653	(2,338,326)	183,408
Unallocated liabilities					1,957,251
Total liabilities					2,140,659

	For the year ended 31 March 2008				
	Property development *HK$'000*	Property investment *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Other segment information:					
Depreciation	1,961	116	916	-	2,993
Fair value gains on investment properties, net	-	381,004	-	-	381,004
Release of exchange fluctuation reserve upon return of investment of a foreign subsidiary	28,515	-	-	-	28,515
Capital expenditure	1,195	22	478	-	1,695

2. SEGMENT INFORMATION *(Continued)*

(b) Geographical segments

The following tables present revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 March 2009 and 2008.

	For the year ended 31 March 2009					
	Hong Kong	**Mainland China**	**Canada**	**Malaysia**	**Eliminations**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Segment revenue:						
Sales to external customers	**184,630**	**3,620**	**6,608**	**-**	**-**	**194,858**
Other segment information:						
Segment assets	**3,080,728**	**3,764,924**	**94,724**	**1,720**	**(1,555,645)**	**5,386,451**
Capital expenditure	**287**	**2,365**	**-**	**-**	**-**	**2,652**

	For the year ended 31 March 2008					
	Hong Kong	Mainland China	Canada	Malaysia	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:						
Sales to external customers	315,058	3,303	932,384	-	-	1,250,745
Other segment information:						
Segment assets	3,319,997	3,024,721	124,601	2,720	(1,080,785)	5,391,254
Capital expenditure	500	1,195	-	-	-	1,695

3. OTHER INCOME

	2009 *HK$'000*	2008 *HK$'000*
Bank interest income	**2,737**	7,827
Interest income from mortgage loans receivable	**4**	136
Other interest income	**-**	2,787
Release of exchange fluctuation reserve upon return of investment of a foreign subsidiary	**-**	28,515
Others	**4,868**	5,323
	7,609	44,588

4. FINANCE COSTS

	2009 *HK$'000*	2008 *HK$'000*
Interest on bank loans, overdrafts and other loans (including convertible bonds) wholly repayable within five years	**69,273**	120,274
Less: Interest capitalised under property development projects	**(40,654)**	(40,320)
	28,619	79,954

5. PROFIT BEFORE TAX

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

	2009 *HK$'000*	2008 *HK$'000*
Cost of properties sold	**107,260**	964,744
Depreciation	**3,092**	2,993
Minimum lease payments under operating leases on land and buildings	**20,123**	17,300
Auditors' remuneration	**1,908**	1,957
Employee benefits expense (including directors' remuneration):		
Wages, salaries, allowances and benefits in kind	**29,325**	28,811
Pension scheme contributions	**1,127**	1,077
	30,452	29,888
Less: Amounts capitalised under property development projects	**(8,179)**	-
	22,273	29,888
Gross rental income	**(82,374)**	(91,580)
Less: Outgoing expenses	**45,649**	44,484
	(36,725)	(47,096)
Provision for/(write-back of provision for) a claim	**(5,426)**	9,111
Impairment of other receivables	**-**	10,524
Release of exchange fluctuation reserve upon return of investment of a foreign subsidiary	**-**	(28,515)

At the balance sheet date, the amount of forfeited pension scheme contributions available to the Group for future utilisation was not significant.

6. TAX

	2009 *HK$'000*	2008 *HK$'000*
Group:		
Current tax		
Overseas profits tax	**1,552**	45,119
Mainland China corporate income tax	**-**	88
	1,552	45,207
Deferred tax		
Hong Kong profits tax	**(34,489)**	29,036
Mainland China corporate income tax	**71,615**	4,778
	37,126	33,814
Total tax charge for the year	**38,678**	79,021

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 (2008: Nil). The lower Hong Kong profits tax rate is effective from the year of assessment 2008/2009, and so is applicable to the assessable profits arising in Hong Kong for the whole year ended 31 March 2009. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Land appreciation tax has been provided 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, net of deductibles.

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

The calculation of basic earnings per share amounts 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 amounts 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. 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 on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

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

	2009	2008
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**76,500**	399,516
Interest on convertible bonds, net of tax and interest capitalisation	**6,164**	22,621
Profit attributable to ordinary equity holders of the Company before interest on convertible bonds	**82,664**	422,137

	Number of shares	
	2009	2008
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	**71,794,872**	70,000,000
	552,081,073	550,286,201

8. TRADE RECEIVABLES

An aged analysis of the trade receivables as at the balance sheet date, based on the invoice/contract date, is as follows:

	2009	2008
	HK$'000	*HK$'000*
Within 30 days	**778**	5,393
31 to 60 days	**314**	110
61 to 90 days	**228**	47
Over 90 days	**159**	-
Total	**1,479**	5,550

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.

9. TRADE PAYABLES AND ACCRUED LIABILITIES

Included in the trade payables and accrued liabilities are trade payables of HK$10,155,000 (2008: HK$9,211,000). An aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	2009	2008
	HK$'000	*HK$'000*
Within 30 days	**10,155**	9,211

FINANCIAL REVIEW

Liquidity and financial resources

The total interest-bearing debts of the Group amounted to HK$1,551 million as at 31 March 2009 (2008: HK$1,708 million), of which approximately 24% of the debts were due and repayable within one year.

Total cash and bank balances including time deposits were HK$324 million as at 31 March 2009 (2008: HK$519 million). The Group had a total of HK$109 million committed but undrawn banking facilities at year end available for its working capital purpose. One of the Group's investment properties which was not subject to any mortgage as at 31 March 2009, has been refinanced subsequent to the balance sheet date and thus, has further enhanced the financial position of the Group.

Total shareholders' funds as at 31 March 2009 was approximately HK$3,150 million (2008: HK$3,102 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$1,227 million (2008: HK$1,189 million) over the shareholders' funds plus minority interests totalling of approximately HK$3,294 million (2008: HK$3,251 million), was 37% as at 31 March 2009 (2008: 37%).

Use of proceeds from share placement

In November 2006, the Group issued 80 million new shares at a price of HK$4.05 per share and generated net cash proceeds of HK$315 million for general working capital of the Group, including acquisition of landbank. During the years ended 31 March 2007 and 2008, the Group utilised HK$65 million and HK$141 million respectively for general working capital. During the year under review, the Group have applied the remaining balance of HK$109 million for general working capital.

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 borrowings including secured bank loans and convertible bonds. Repayments of bank loans are scheduled to match asset lives and project completion dates. Borrowings are mainly denominated in Hong Kong dollars and Renminbi and bear interest at floating rates, except for the convertible bonds.

Foreign currency exposure is monitored closely by the management and hedged to the extent desirable. As at 31 March 2009, the Group had no material exposure under foreign exchange contracts or any other hedging instruments.

Pledge of assets

Properties with an aggregate carrying value of HK$2,584 million as at 31 March 2009 were pledged to secure certain banking facilities of the Group.

Employees and remuneration policies

The Group, not including its jointly-controlled entities, employed approximately 300 employees as at 31 March 2009. 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.

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 2009.

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 2009.

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 2009.

Compliance with the Code on Corporate Governance Practices

In the opinion of the Directors, the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules for the year ended 31 March 2009, except for the following deviations:

1. CG Code provision A.1.1 stipulates that the board of directors (the "Board") 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 2009, the Board met twice for approving the annual results of the Company for the year ended 31 March 2008 and the interim results for the period ended 30 September 2008. 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 2009.

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, Mr. 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 believed 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 does 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 considered 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 B.1.3 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 adopted the terms of reference of the remuneration committee on 16 December 2005 with certain deviations from the CG Code provisions. Pursuant to the terms of reference, the remuneration committee should review (as opposed to determine) and make recommendations to the Board on the remuneration of directors (as opposed to directors and senior management).

5. The terms of reference of the remuneration committee and audit committee of the Company are available from the Company Secretary on request and not yet ready on the Company's website as stipulated in CG Code provisions B.1.4 and C.3.4.

James Sai-Wing Wong
Chairman

Hong Kong, 16 July 2009

At the date hereof, the directors of the Company are Mr. James Sai-Wing Wong, Ms. Madeline May-Lung Wong, Mr. Herman Man-Hei Fung, Mr. Dennis Kwok-Wing Cheung and Mr. Zuric Yuen-Keung Chan and the independent non-executive directors are Dr. Daniel Chi-Wai Tse, Mr. Kenneth Kin-Hing Lam and Prof. Hsin-Kang Chang.