漢國置業有限公司

Hon Kwok Land Investment Company, Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 160)

2010-11 ANNUAL RESULTS ANNOUNCEMENT

RESULTS

The directors (the "Directors") of Hon Kwok Land Investment Company, Limited (the "Company") are pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2011 together with comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

		For the year ended 31 March	
		2011	2010
	Notes	***HK$'000***	*HK$'000*
Revenue	*2*	**145,534**	812,584
Cost of sales		**(82,557)**	(620,020)
Gross profit		**62,977**	192,564
Other income and gains	*3*	**8,446**	13,138
Fair value gains on investment properties, net		**630,385**	309,650
Gain on disposal of investment properties		**1,130**	7,285
Gain on repurchase of convertible bonds		**-**	19,199
Gain on disposal of a jointly-controlled entity		**-**	76,922
Administrative expenses		**(60,866)**	(60,886)
Other operating expenses, net		**(8,309)**	(22,965)
Finance costs	*4*	**(41,651)**	(23,068)
Share of profits and losses of jointly-controlled entities		**194**	(473)
Profit before tax	*5*	**592,306**	511,366
Income tax expense	*6*	**(126,902)**	(107,309)
Profit for the year		**465,404**	404,057
Attributable to:			
Owners of the Company		**464,285**	373,866
Non-controlling interests		**1,119**	30,191
		465,404	404,057
Dividend – proposed final		**60,036**	60,036

CONSOLIDATED INCOME STATEMENT *(Continued)*

		For the year ended 31 March	
		2011	2010
	Note	***HK$'000***	*HK$'000*
Earnings per share attributable to ordinary equity holders of the Company	*7*		
Basic		HK**97** cents	HK78 cents
Diluted		HK**93** cents	HK71 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 March	
	2011	2010
	HK$'000	*HK$'000*
Profit for the year	**465,404**	404,057
Other comprehensive income		
Exchange differences on translation of foreign operations	**126,094**	15,708
Release of exchange fluctuation reserve to consolidated income statement upon the disposal of a jointly-controlled entity	**-**	(8,428)
Other comprehensive income for the year, net of tax	**126,094**	7,280
Total comprehensive income for the year	**591,498**	411,337
Attributable to:		
Owners of the Company	**584,411**	380,942
Non-controlling interests	**7,087**	30,395
	591,498	411,337

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 March 2011 HK$'000**	31 March 2010 HK$'000 (Restated)	1 April 2009 HK$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**50,386**	41,995	26,340
Properties under development		**-**	-	807,841
Investment properties		**4,776,851**	3,746,995	2,558,115
Investments in jointly-controlled entities		**257**	63	24,848
Total non-current assets		**4,827,494**	3,789,053	3,417,144
CURRENT ASSETS				
Amounts due from jointly-controlled entities		**31**	25	178,837
Tax recoverable		**32,198**	988	191
Properties held for sale under development and properties held for sale		**1,794,748**	1,555,795	1,438,025
Trade receivables	*8*	**2,389**	18,899	1,479
Prepayments, deposits and other receivables		**74,123**	40,904	26,320
Pledged deposits		**96,974**	91,200	-
Cash and cash equivalents		**992,403**	542,704	324,455
Total current assets		**2,992,866**	2,250,515	1,969,307
CURRENT LIABILITIES				
Trade payables and accrued liabilities	*9*	**94,160**	183,492	154,242
Interest-bearing bank borrowings		**730,802**	213,655	401,591
Promissory note payable		**-**	20,000	-
Customer deposits		**670,433**	7,200	76,191
Convertible bonds		**108,355**	-	-
Tax payable		**59,676**	71,518	60,393
Total current liabilities		**1,663,426**	495,865	692,417
NET CURRENT ASSETS		**1,329,440**	1,754,650	1,276,890
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,156,934**	5,543,703	4,694,034

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	31 March 2011	31 March 2010	1 April 2009
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	*(Restated)*
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	**1,541,687**	1,515,409	849,727
Promissory note payable	**-**	-	20,000
Convertible bonds	**-**	100,900	299,475
Deferred tax liabilities	**440,607**	283,416	230,544
Total non-current liabilities	**1,982,294**	1,899,725	1,399,746
Net assets	**4,174,640**	3,643,978	3,294,288
EQUITY			
Equity attributable to owners of the Company			
Issued capital	**480,286**	480,286	480,286
Equity component of convertible bonds	**7,802**	7,802	24,826
Reserves	**3,447,342**	2,922,967	2,585,037
Proposed final dividend	**60,036**	60,036	60,036
	3,995,466	3,471,091	3,150,185
Non-controlling interests	**179,174**	172,887	144,103
Total equity	**4,174,640**	3,643,978	3,294,288

Notes:

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

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 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 and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised), amendments to HKAS 7 and HKAS 17 included in *Improvements to HKFRSs 2009*, HK Interpretation 4 (Revised in December 2009) and HK Interpretation 5, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

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

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 April 2010.

(b) *Improvements to HKFRSs 2009* issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 7 *Statement of Cash Flows*: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

- HKAS 17 *Leases*: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in HKAS 17.

Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases* is revised as a consequence of the amendment to HKAS 17 *Leases* included in *Improvements to HKFRSs 2009*. Following this amendment, the scope of HK Interpretation 4 has been expanded to cover all land leases, including those classified as finance leases. As a result, this interpretation is applicable to all leases of property accounted for in accordance with HKAS 16, HKAS 17 and HKAS 40.

(c) HK Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

This interpretation requires a term loan that contains a clause that gives the lender the unconditional right to call the loan at any time shall be classified in total by the borrower as current in the statement of financial position. This is irrespective of whether a default event has occurred and notwithstanding any other terms and maturity stated in the loan agreement. Prior to the adoption of this interpretation, the Group's term loans were classified in the statement of financial position as non-current liabilities based on the maturity dates of repayment. This interpretation has been applied by the Group retrospectively and comparative amounts have been restated. In addition, as a result of this change and as required by HKAS 1 *Presentation of Financial Statements*, these financial statements also include a statement of financial position as at 1 April 2009.

The above change has had no effect on the consolidated income statement. The effect on the consolidated statement of financial position is summarised as follows:

	31 March 2011 *HK$'000*	31 March 2010 *HK$'000*	1 April 2009 *HK$'000*
CURRENT LIABILITIES			
Increase in interest-bearing bank borrowings	196,000	-	22,500
NON-CURRENT LIABILITIES			
Decrease in interest-bearing bank borrowings	(196,000)	-	(22,500)

There was no impact on the net assets of the Group.

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

In addition, the Group has changed voluntarily its accounting policy regarding the current/non-current assets classification for properties held for sale under development. In prior years, the Group classified the properties held for sale under development as properties under development in non-current assets in the statement of financial position which would be transferred to properties held for sale in current assets when the construction of properties was substantially completed or the pre-sale program of respective properties was established. Under the revised accounting policy, properties held for sale under development are classified as current assets. On completion, the properties are transferred to completed properties held for sale. In the opinion of the directors, the financial statements according to the revised policy will provide more relevant information to the users of the financial statements and bring the Group in line with the treatment adopted by other entities in the real estate industry. This change in policy has been applied retrospectively by restating the opening balances at 1 April 2009, with consequential adjustments to comparatives for the year ended 31 March 2010.

The above change has had no effect on the consolidated income statement. The effect on the consolidated statement of financial position is summarised as follows:

	31 March 2011 *HK$'000*	31 March 2010 *HK$'000*	1 April 2009 *HK$'000*
NON-CURRENT ASSETS			
Decrease in properties under development	(1,412,616)	(1,407,522)	(904,417)
CURRENT ASSETS			
Increase in properties held for sale under development and properties held for sale	1,412,616	1,407,522	904,417

There was no impact on the net assets of the Group.

2. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

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

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

	For the year ended 31 March 2011			
	Property development *HK$'000*	**Property investment** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Segment revenue:				
Sales to external customers	**28,318**	**83,880**	**33,336**	**145,534**
Segment results	**3,650**	**681,261**	**(10,085)**	**674,826**
Reconciliation:				
Interest income				**3,658**
Unallocated expenses				**(44,721)**
Finance costs				**(41,651)**
Share of profits and losses of jointly-controlled entities				**194**
Profit before tax				**592,306**

	For the year ended 31 March 2010			
	Property development *HK$'000*	Property investment *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:				
Sales to external customers	738,767	40,317	33,500	812,584
Segment results	151,504	337,999	(45)	489,458
Reconciliation:				
Interest income				1,579
Unallocated gains				96,230
Unallocated expenses				(52,360)
Finance costs				(23,068)
Share of profits and losses of jointly-controlled entities				(473)
Profit before tax				511,366

2. OPERATING SEGMENT INFORMATION *(Continued)*

	At 31 March 2011			
	Property development *HK$'000*	**Property investment** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Segment assets	**1,881,536**	**5,118,093**	**1,713,348**	**8,712,977**
Reconciliation:				
Elimination of intersegment receivables				**(2,014,480)**
Investments in jointly-controlled entities				**257**
Amounts due from jointly-controlled entities				**31**
Corporate and other unallocated assets				**1,121,575**
Total assets				**7,820,360**
Segment liabilities	**1,789,186**	**664,562**	**325,325**	**2,779,073**
Reconciliation:				
Elimination of intersegment payables				**(2,014,480)**
Corporate and other unallocated liabilities				**2,881,127**
Total liabilities				**3,645,720**

	For the year ended 31 March 2011			
	Property development *HK$'000*	**Property investment** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Other segment information:				
Fair value gains on investment properties, net	**-**	**630,385**	**-**	**630,385**
Depreciation	**2,105**	**363**	**1,695**	**4,163**
Capital expenditure *	**1,495**	**134,361**	**9,601**	**145,457**

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

2. OPERATING SEGMENT INFORMATION *(Continued)*

	At 31 March 2010			
	Property development *HK$'000*	Property investment *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment assets	1,620,256	4,008,743	1,916,882	7,545,881
Reconciliation:				
Elimination of intersegment receivables				(2,141,293)
Investments in jointly-controlled entities				63
Amounts due from jointly-controlled entities				25
Corporate and other unallocated assets				634,892
Total assets				6,039,568
Segment liabilities	1,166,643	898,929	286,413	2,351,985
Reconciliation:				
Elimination of intersegment payables				(2,141,293)
Corporate and other unallocated liabilities				2,184,898
Total liabilities				2,395,590

	For the year ended 31 March 2010			
	Property development *HK$'000* *(Restated)*	Property investment *HK$'000*	Others *HK$'000*	Total *HK$'000* *(Restated)*
Other segment information:				
Fair value gains on investment properties, net	-	309,650	-	309,650
Depreciation	2,118	117	1,007	3,242
Capital expenditure *	17,718	111,231	1,037	129,986

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

2. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue

	2011	2010
	HK$'000	*HK$'000*
Hong Kong	**78,499**	133,240
Mainland China	**66,435**	677,818
Canada	**600**	1,526
	145,534	812,584

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

(b) Non-current assets

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Hong Kong	**2,115,416**	1,716,313
Mainland China	**2,711,821**	2,072,677
	4,827,237	3,788,990

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

3. OTHER INCOME AND GAINS

	2011 *HK$'000*	2010 *HK$'000*
Bank interest income	**3,658**	1,579
Gain on bargain purchase	**1,246**	-
Project consultancy service income	**-**	2,500
Foreign exchange differences, net	**-**	4,317
Others	**3,542**	4,742
	8,446	13,138

4. FINANCE COSTS

	2011 *HK$'000*	2010 *HK$'000*
Interest on bank loans, overdrafts and other loans (including convertible bonds) wholly repayable within five years	**62,939**	52,036
Interest on bank loans wholly repayable after five years	**2,308**	-
	65,247	52,036
Less: Interest capitalised under property development projects	**(23,596)**	(28,968)
	41,651	23,068

5. PROFIT BEFORE TAX

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

	2011 *HK$'000*	2010 *HK$'000*
Cost of properties sold	**17,898**	574,458
Depreciation	**4,163**	3,242
Minimum lease payments under operating leases on land and buildings	**25,759**	27,102
Auditors' remuneration	**1,833**	1,767
Employee benefit expense (including directors' remuneration):		
Wages, salaries, allowances and benefits in kind	**30,502**	31,477
Pension scheme contributions	**1,020**	1,153
	31,522	32,630
Less: Amounts capitalised under property development projects	**(6,200)**	(5,300)
	25,322	27,330
Gross rental income	**(115,045)**	(71,560)
Less: Outgoing expenses	**64,659**	45,562
	(50,386)	(25,998)

At the end of the reporting period, the amount of forfeited pension scheme contributions available to the Group for future utilisation was not significant (2010: Nil).

6. INCOME TAX

	2011	2010
	HK$'000	*HK$'000*
Group:		
Current tax		
Mainland China corporate income tax	**1,126**	46,880
Land appreciation tax in Mainland China	**568**	6,680
Overseas profits tax	**2,334**	877
	4,028	54,437
Deferred tax		
Hong Kong profits tax	**64,300**	50,600
Mainland China corporate income tax	**58,574**	2,272
	122,874	52,872
Total tax charge for the year	**126,902**	107,309

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 (2010: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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

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

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

The calculation of diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, adjusted to reflect the interest on the convertible bonds, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(Continued)*

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

	2011	2010
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**464,285**	373,866
Interest on convertible bonds, net of tax and interest capitalisation	**2,033**	-
Profit attributable to ordinary equity holders of the Company before interest on convertible bonds	**466,318**	373,866

	Number of shares	
	2011	2010
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	**23,466,666**	48,611,318
	503,752,867	528,897,519

8. TRADE RECEIVABLES

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

	2011	2010
	HK$'000	*HK$'000*
Within 30 days	**1,752**	18,154
31 to 60 days	**431**	420
61 to 90 days	**206**	311
Over 90 days	**-**	14
Total	**2,389**	18,899

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

9. TRADE PAYABLES AND ACCRUED LIABILITIES

Included in the trade payables and accrued liabilities are trade payables of HK$13,320,000 (2010: HK$29,689,000). An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2011	2010
	HK$'000	*HK$'000*
Within 30 days	**13,320**	29,689

10. CONTINGENT LIABILITIES

As at 31 March 2011, the Group has given guarantees of HK$306,671,000 (2010: HK$251,634,000) 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. EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, 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.

12. COMPARATIVE AMOUNTS

As further explained in note 1, due to the adoption of new and revised HKFRSs and the voluntary change in accounting policy during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made, and certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment, and a third statement of financial position as at 1 April 2009 has been presented.

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 2011 (2010: 12.5 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 26 August 2011. 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 9 September 2011.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 18 August 2011. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 15 August 2011 to 18 August 2011 (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 12 August 2011.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 31 March 2011 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 25 August 2011 and 26 August 2011, 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 22 August 2011. 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 24 August 2011.

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 2011.

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 2011.

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 2011, 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 2011, the Board met twice for approving the annual results of the Company for the year ended 31 March 2010 and the interim results for the period ended 30 September 2010. 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 2011.

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 believes that the vesting of the two roles for the time being provides the Group with stable and consistent leadership and allows for more effective planning and implementation of long term business strategies. The Board will continuously review the effectiveness of the structure to balance the power and authority of the Board and the management.

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

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

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

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

4. CG Code provision 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.

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 2011.

FINANCIAL REVIEW

Liquidity and financial resources

The total interest-bearing debts of the Group amounted to approximately HK$2,381 million as at 31 March 2011 (2010: HK$1,830 million), of which approximately 35% (2010: 12%) of the debts were classified as current liabilities. The increase in total debts was mainly due to drawdown of additional bank loans for capital injection into mainland development projects and also for acquisition of property. Effective from this financial year, a new accounting interpretation has been adopted that requires a term loan shall be classified as current if the lender has an unconditional right to demand repayment at any time and accordingly, total bank loans of HK$196 million were classified as current liabilities as at year end. Based on the repayment schedules pursuant to the related loan agreements and also taking into consideration the refinancing of a property loan amounted to HK$340 million for three years subsequent to the year end, the current portion of the total interest-bearing debts was approximately 13%.

Total cash and bank balances including time deposits were approximately HK$1,089 million as at 31 March 2011 (2010: HK$634 million). The Group had a total of approximately HK$844 million committed but undrawn banking facilities at year end available for its working capital purpose.

Total shareholders' funds as at 31 March 2011 were approximately HK$3,995 million (2010: HK$3,471 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$1,292 million (2010: HK$1,196 million) over the shareholders' funds plus non-controlling interests totalling of approximately HK$4,175 million (2010: HK$3,644 million), was 31% as at 31 March 2011 (2010: 33%).

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 2011, 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$5,052 million as at 31 March 2011 were pledged to secure certain banking facilities of the Group.

Employees and remuneration policies

The Group, not including its jointly-controlled entities, employed approximately 450 employees as at 31 March 2011. 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 2011, the Group's consolidated turnover and net profit attributable to shareholders amounted to HK$146 million (2010: HK$813 million) and HK$464 million (2010: HK$374 million), respectively. Basic earnings per share were 97 Hong Kong cents (2010: 78 Hong Kong cents). As at 31 March 2011, the shareholders' equity amounted to HK$3,995 million (2010: HK$3,471 million) and net assets per share attributable to shareholders were HK$8.32 (2010: HK$7.23).

The decrease in turnover was mainly due to the pre-sold units of the Group's development project in Guangzhou have yet to be recognised for the financial year under review. On the other hand, the increase in net profit was mainly attributable to the recognition of property revaluation gain, net of deferred tax, of HK$510 million (2010: HK$257 million) during the year. Nevertheless, the land portions of the Group's properties under development are stated at historical costs in accordance with generally accepted accounting practice.

BUSINESS REVIEW

Redemption of 3.5% Convertible Bonds due June 2011 (the "Bonds")

In the financial year 2009/10, out of the principal amount of HK$280 million Bonds issued by a wholly-owned subsidiary of the Company in June 2006, the Group had repurchased an aggregate face value of HK$192 million of the Bonds at par. Subsequent to the year end, the outstanding principal of the Bonds amounted to HK$88 million has been redeemed in full upon maturity in June 2011 together with the redemption premium totalling HK$110 million by internal resources of the Group.

Property Development and Sales

Botanica Phase 2 寶翠園二期, Guangzhou, PRC

The **Botanica** 寶翠園, comprises 39 blocks of high-rise residential building, is situated in the greenery zone of Tian He District near the Botanical Garden. The project, with total gross floor area of approximately 229,000 sq.m., is scheduled for development and pre-sale by phases. Delivery of all eight blocks totalled 332 units to purchasers of **Botanica Phase 1** 寶翠園一期 had been completed in the last financial year.

Botanica Phase 2 寶翠園二期 also comprises eight blocks of 420 units. Delivery of individual units to purchasers of four blocks totalled 221 flats has been commenced by phases early this month. Construction works of the remaining four blocks of 199 units are in progress and scheduled to be completed by the last quarter of 2011 and approximately 99% of the units have been pre-sold up to the date of this announcement. Total sales proceeds generated from the above phase 2 exceeding RMB630 million and the profits derived therefrom are to be recognised in the coming financial year.

Yayao Oasis 雅瑤綠洲, Nanhai, PRC

Situated in Da Li District with total gross floor area of approximately 273,000 sq.m. (excluding car parking spaces), this project is scheduled for development by phases. Phase I of the project comprises town houses of about 18,000 sq.m. and high-rise apartments of about 116,000 sq.m. Construction works of the town houses are in progress and scheduled to be completed by the end of next quarter whilst those of the high-rise apartments are expected to be commenced soon.

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

The design and planning for the development sites at Dong Guan Zhuan Road, Tian He District and 45-107 Beijing Nan Road, Yue Xiu District, with respective total gross floor area of approximately 266,000 sq.m. and 62,000 sq.m., are both in progress.

Property Investment

Shenzhen, PRC

Situated at the junction of Shen Nan Zhong Road and Fu Ming Road, Futian District, foundation works of **Hon Kwok City Commercial Centre** 漢國城市商業中心, an 80-storey commercial/residential tower with total gross floor area of 128,000 sq.m., are in progress. The Group intends to hold this signature building for recurrent rental income upon completion of construction works which is expected to be in 2014.

All the retail shops at ground level and the entire level 2 of the commercial podium of **City Square** 城市天地廣場, situated at Jia Bin Road, Luo Hu District, have been leased out. **The Bauhinia Hotel (Shenzhen)** 寶軒酒店（深圳）, a 158-room hotel at levels 3 to 5 of the podium, obtained its business licence in early 2011 and has been softly opened in March. The current occupancy rate of **City Suites** 寶軒公寓, our 64-unit serviced apartments situated on top of the above podium, is satisfactory.

Guangzhou, PRC

As previously disclosed, the Group completed the acquisition of **Ganghui Dasha** 港滙大廈, a 20-storey commercial and office building, in April 2010. The property is situated at the junction of Beijing Road, Nanti Er Road and Baqi Er Road, Yue Xiu District and currently enjoys an occupancy rate exceeding 95%.

The Bauhinia Hotel (Guangzhou) 寶軒酒店（廣州）, situated at Jie Fang Nan Road, Yue Xiu District, is a 166-room hotel newly renovated and leased by the Group. It has been softly opened in February 2011 upon obtaining the business licence with current occupancy and room rates at a satisfactory level.

Chongqing, PRC

Chongqing Hon Kwok Centre 重慶漢國中心, situated in Bei Bu Xin Qu with total gross floor area of 107,802 sq.m., is a 21-storey twin-tower office building atop of a 4-storey retail/commercial podium. Three floors of the podium and entire block of one tower have been leased out and leasing for the other tower is in good progress.

Adjacent to the above project is our **Phase 2 Project** 重慶二期項目 with total gross floor area of 133,502 sq.m. which will be developed into a grade A office tower and a 5-star hotel with serviced apartments on top of a retail/commercial podium. Foundation works of this project are expected to be commenced in the next quarter.

Hong Kong

The Bauhinia Hotel (Central) 寶軒酒店（中環）, a 42-room boutique hotel at the podium floors at Des Voeux Road Central, is softly opened in May 2011 after issuance of hotel licence subsequent to the year end**.** All the retail areas at ground floor have been leased out. The occupancy rate of **The Bauhinia** 寶軒, a 171-room serviced apartments atop of the above hotel, currently exceeds 85%.

Situated at nine upper floors of **Knutsford Place** 諾士佛廣場 at Observatory Court, Tsim Sha Tsui, **The Bauhinia Hotel (TST)** 寶軒酒店（尖沙咀） is a 44-room boutique hotel with valid hotel licence and has been opened for business since September 2010. Both the average occupancy rate and the average room rate are encouraging. Leasing negotiations for the commercial and office floors are in progress.

The occupancy rate of **Hon Kwok Jordan Centre** 漢國佐敦中心, a 23-storey commercial and office building situated at Hillwood Road, Tsim Sha Tsui, maintains at a satisfactory level.

The Bauhinia 寶軒 Group of Hotels and Serviced Apartments

The above hotels and serviced apartments, being operated under the brand name of "**The Bauhinia** 寶軒" at different locations in Hong Kong, Shenzhen and Guangzhou, aim to cater for the accommodation needs for short-stay or longer-term visitors and business travellers. A summary of the aforesaid hotels and apartments is as follows:

	Hotel Rooms	Serviced Apartment Rooms	Total
Des Voeux Road Central, Hong Kong			
The Bauhinia Hotel (Central) 寶軒酒店（中環）	42	-	
The Bauhinia 寶軒	-	171	
Observatory Court, Tsim Sha Tsui, Kowloon, Hong Kong			
The Bauhinia Hotel (TST) 寶軒酒店（尖沙咀）	44	-	
Jia Bin Road, Luo Hu District, Shenzhen			
The Bauhinia Hotel (Shenzhen) 寶軒酒店（深圳）	158	-	
City Suites 寶軒公寓	-	64	
Jie Fang Nan Road, Yue Xiu District, Guangzhou			
The Bauhinia Hotel (Guangzhou) 寶軒酒店 （廣州）	166	-	
	410	**235**	**645**

With progressive contribution from our enlarged investment property portfolios and upon full operation of the above guest rooms, the Group's recurrent rental income is expected to be enhanced in the years ahead.

OUTLOOK

It is generally expected that the U.S. Federal Reserve will maintain a loose monetary policy in the near term after the end of QE2 this month. On the other hand, the Euro Zone's ongoing sovereign debt crisis as well as Japan's earthquake and tsunami disaster in last quarter end have protracted the global economic recovery.

In Mainland China, consumer inflation rate rose to a peak of 5.5% in May in almost three years. To contain high imported inflation and make adjustments to its economic structure, the Central Government is anticipated to continue to let the Renminbi's exchange rate appreciate steadily.

In order to cool down the overheated property market, the People's Bank of China has recently further tightened monetary policy by draining excess liquidity from the banking system via raising the reserve requirement ratio to a record high of 21.5% for large banks. In addition, the benchmark lending rate has been raised four times since October 2010. Coupled with the previous implementation of administrative measures by the Central Government such as restrictions on mortgage lending and multiple purchases, property transactions in major cities dropped significantly.

With property assets regarded as a reliable investment and the rapid pace of urbanization, the Board is optimistic to the mainland property market in the medium to long term as its economy continues to grow. The Group is closely monitoring the property markets in Mainland China and Hong Kong and intends to replenish its land bank and/or enlarges its investment property portfolios at opportune times.

James Sai-Wing Wong
Chairman

Hong Kong, 28 June 2011

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