建業實業有限公司
Chinney Investments, Limited
(Incorporated in Hong Kong with limited liability)
(Stock Code: 216)

2011-12 ANNUAL RESULTS ANNOUNCEMENT

RESULTS

The directors (the "Directors") of Chinney Investments, Limited (the "Company") are pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2012 together with comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

		For the year ended 31 March	
		2012	2011
	Notes	***HK$'000***	*HK$'000*
Revenue	*2*	**1,059,030**	354,859
Cost of sales		**(707,427)**	(237,360)
Gross profit		**351,603**	117,499
Other income and gains	*3*	**16,736**	18,929
Fair value gains on investment properties, net		**180,184**	631,072
Gain on disposal of investment properties, net		**-**	1,130
Fair value gain/(loss) on equity investments at fair value through profit or loss, net		**2,955**	(6,300)
Selling and distribution costs		**(18,289)**	(21,609)
Administrative and other operating expenses		**(110,064)**	(99,453)
Finance costs	*4*	**(50,550)**	(43,689)
Share of profits and losses of:			
Associates		**6,676**	6,886
Jointly-controlled entities		**1,824**	194
Profit before tax	*5*	**381,075**	604,659
Income tax expense	*6*	**(104,322)**	(129,068)
Profit for the year		**276,753**	475,591
Attributable to:			
Owners of the Company		**121,868**	263,278
Non-controlling interests		**154,885**	212,313
		276,753	475,591
Dividend – proposed final		**27,568**	27,568

CONSOLIDATED INCOME STATEMENT *(Continued)*

		For the year ended 31 March	
		2012	2011
	Note	***HK$'000***	*HK$'000*
Earnings per share attributable to ordinary equity holders of the Company	*7*		
Basic		HK**22.10** cents	HK47.75 cents
Diluted		HK**21.89** cents	HK45.83 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 March	
	2012	2011
	HK$'000	*HK$'000*
Profit for the year	**276,753**	475,591
Other comprehensive income		
Gains on property revaluation	**5,489**	-
Income tax effect	**(906)**	-
	4,583	-
Share of other comprehensive income of associates	**67**	(97)
Exchange differences on translation of foreign operations	**123,220**	127,268
	123,287	127,171
Other comprehensive income for the year, net of tax	**127,870**	127,171
Total comprehensive income for the year	**404,623**	602,762
Attributable to:		
Owners of the Company	**191,706**	329,740
Non-controlling interests	**212,917**	273,022
	404,623	602,762

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 March 2012 HK$'000**	31 March 2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**110,772**	115,805
Prepaid land lease payments		**13,857**	14,579
Investment properties		**5,245,546**	4,784,501
Investments in associates		**114,045**	112,496
Investments in jointly-controlled entities		**3,433**	3,491
Deferred tax assets		**199**	117
Loan receivables		**2,510**	1,608
Total non-current assets		**5,490,362**	5,032,597
CURRENT ASSETS			
Inventories		**7,031**	11,645
Properties held for sale under development and properties held for sale		**1,792,288**	1,811,676
Prepaid land lease payments		**1,243**	1,186
Equity investments at fair value through profit or loss		**54,039**	51,061
Trade and bills receivables	*8*	**13,144**	24,877
Prepayments, deposits and other receivables		**47,778**	84,719
Amount due from a related company		**417**	396
Amounts due from jointly-controlled entities		**-**	31
Tax recoverable		**387**	32,198
Pledged deposits		**120,371**	96,974
Cash and cash equivalents		**979,176**	1,029,076
Total current assets		**3,015,874**	3,143,839
CURRENT LIABILITIES			
Trade payables and accrued liabilities	*9*	**169,530**	125,148
Customer deposits		**23,612**	670,433
Tax payable		**87,641**	67,492
Interest-bearing bank borrowings		**1,009,265**	821,802
Convertible bonds	*11*	**-**	108,355
Total current liabilities		**1,290,048**	1,793,230

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	31 March 2012 HK$'000	31 March 2011 HK$'000
NET CURRENT ASSETS	**1,725,826**	1,350,609
TOTAL ASSETS LESS CURRENT LIABILITIES	**7,216,188**	6,383,206
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**1,980,897**	1,541,687
Deferred tax liabilities	**504,481**	448,047
Total non-current liabilities	**2,485,378**	1,989,734
Net assets	**4,730,810**	4,393,472
EQUITY		
Equity attributable to owners of the Company		
Issued capital	**137,842**	137,842
Reserves	**2,417,015**	2,225,933
Proposed final dividend	**27,568**	27,568
	2,582,425	2,391,343
Non-controlling interests	**2,148,385**	2,002,129
Total equity	**4,730,810**	4,393,472

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 and equity investments, 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 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in Improvements to HKFRSs 2010, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these HKFRSs are as follows:

(a) HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

(b) Improvements to HKFRSs 2010 issued in May 2010 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 had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKFRS 3 *Business Combinations*: The amendment clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

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

In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

The amendment also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- HKAS 1 *Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- HKAS 27 *Consolidated and Separate Financial Statements*: The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

2. OPERATING SEGMENT INFORMATION

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

(a) the garment segment manufactures and trades garments;

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

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

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

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

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

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

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

2. OPERATING SEGMENT INFORMATION *(Continued)*

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

	For the year ended 31 March 2011				
	Garment	Property development	Property investment	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:					
Sales to external customers	209,325	28,318	83,880	33,336	354,859
Segment results	10,910	3,650	636,540	3,694	654,794
Reconciliation:					
Interest income					5,160
Dividend income and unallocated losses					(5,386)
Corporate and other unallocated expenses					(13,300)
Finance costs					(43,689)
Share of profits and losses of associates					6,886
Share of profits and losses of jointly-controlled entities					194
Profit before tax					604,659

2. OPERATING SEGMENT INFORMATION *(Continued)*

	At 31 March 2012				
	Garment *HK$'000*	**Property development** *HK$'000*	**Property investment** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Segment assets	**88,705**	**1,858,345**	**5,631,837**	**1,557,587**	**9,136,474**
Reconciliation:					
Elimination of intersegment receivables					**(1,901,888)**
Investments in associates					**114,045**
Investments in jointly-controlled entities					**3,433**
Corporate and other unallocated assets					**1,154,172**
Total assets					**8,506,236**
Segment liabilities	**19,130**	**1,216,258**	**453,471**	**406,171**	**2,095,030**
Reconciliation:					
Elimination of intersegment payables					**(1,901,888)**
Corporate and other unallocated liabilities					**3,582,284**
Total liabilities					**3,775,426**

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

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

2. OPERATING SEGMENT INFORMATION *(Continued)*

	At 31 March 2011				
	Garment	Property development	Property investment	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	135,357	1,898,464	5,118,093	1,713,558	8,865,472
Reconciliation:					
Elimination of intersegment receivables					(2,014,480)
Investments in associates					112,496
Investments in jointly-controlled entities					3,491
Amounts due from jointly-controlled entities					31
Corporate and other unallocated assets					1,209,426
Total assets					8,176,436
Segment liabilities	26,221	1,789,186	664,562	330,092	2,810,061
Reconciliation:					
Elimination of intersegment payables					(2,014,480)
Corporate and other unallocated liabilities					2,987,383
Total liabilities					3,782,964

	For the year ended 31 March 2011				
	Garment	Property development	Property investment	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other segment information:					
Fair value gains on investment properties, net	687	-	630,385	-	631,072
Depreciation and amortisation	5,990	2,105	363	1,697	10,155
Capital expenditure *	1,686	1,495	134,361	9,601	147,143

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

2. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue

	2012	2011
	HK$'000	*HK$'000*
Hong Kong	**92,176**	79,772
Mainland China	**814,273**	67,252
Europe	**138,720**	183,438
North America	**12,555**	20,881
Others	**1,306**	3,516
	1,059,030	354,859

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

(b) Non-current assets

	2012	2011
	HK$'000	*HK$'000*
Hong Kong	**2,208,101**	2,153,701
Mainland China	**3,162,074**	2,761,184
	5,370,175	4,914,885

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

Information about major customers

In the prior year, revenue of approximately HK$55,846,000 was derived from sales by the garment segment to a single customer.

3. OTHER INCOME AND GAINS

	2012	2011
	HK$'000	*HK$'000*
Bank interest income	**7,221**	3,678
Other interest income	**843**	1,482
Dividend income from listed investments at fair value through profit or loss	**1,021**	914
Foreign exchange differences, net	**-**	4,130
Management fee income received from an associate	**3,000**	3,000
Gain on bargain purchase	**-**	1,246
Others	**4,651**	4,479
	16,736	18,929

4. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans (including convertible bonds) wholly repayable within five years	**74,509**	64,977
Interest on bank loans wholly repayable after five years	**2,642**	2,308
	77,151	67,285
Less: Interest capitalised under property development projects	**(26,601)**	(23,596)
	50,550	43,689

5. PROFIT BEFORE TAX

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

	2012	2011
	HK$'000	*HK$'000*
Cost of properties sold	**510,853**	17,898
Cost of inventories sold	**120,150**	154,803
Depreciation	**12,273**	8,969
Amortisation of prepaid land lease payments	**1,243**	1,186
Minimum lease payments under operating leases on land and buildings	**20,949**	25,836
Auditors' remuneration	**2,859**	2,793
Foreign exchange differences, net	**1,516**	(4,130)
Employee benefits expense (including directors' remuneration):		
Wages, salaries, allowances and benefits in kind	**81,521**	81,865
Pension scheme contributions	**2,263**	2,330
	83,784	84,195
Less: Amounts capitalised under property development projects	**(5,135)**	(6,200)
	78,649	77,995
Gross rental income included in the following categories:		
- Rental income	**(161,504)**	(115,045)
- Other income	**(136)**	(124)
	(161,640)	(115,169)
Less: Outgoing expenses	**76,424**	64,659
	(85,216)	(50,510)
Interest income	**(8,064)**	(5,160)

At the end of the reporting period, the amount of forfeited pension scheme contributions available to the Group for future utilisation was not significant (2011: Nil).

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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

	2012	2011
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**803**	1,685
Current – Elsewhere		
Charge for the year	**46,109**	3,925
Land appreciation tax in Mainland China	**15,105**	568
Deferred	**42,305**	122,890
Total tax charge for the year	**104,322**	129,068

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

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

The calculation of diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, adjusted to reflect the interest on the convertible bonds of a subsidiary and the dilution effect on earnings assuming there is a full conversion of the convertible bonds of a subsidiary, where applicable. The number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation.

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

	2012	2011
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**121,868**	263,278
Interest on convertible bonds of a subsidiary, net of tax and interest capitalisation	**-**	2,033
Dilution of earnings arising from the full conversion of convertible bonds of a subsidiary	**(1,151)**	(12,622)
Profit attributable to ordinary equity holders of the Company after the full conversion of the convertible bonds of a subsidiary	**120,717**	252,689

8. TRADE AND BILLS RECEIVABLES

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

	2012 HK$'000	2011 HK$'000
Within 30 days	**6,748**	5,447
31 to 60 days	**1,236**	4,723
61 to 90 days	**5,160**	14,506
Over 90 days	**-**	201
Total	**13,144**	24,877

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

9. TRADE PAYABLES AND ACCRUED LIABILITIES

Included in trade payables and accrued liabilities are trade payables of HK$36,445,000 (2011: HK$23,704,000). An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2012 HK$'000	2011 HK$'000
Within 30 days	**32,854**	17,498
31 to 60 days	**3,591**	5,318
61 to 90 days	**-**	75
Over 90 days	**-**	813
Total	**36,445**	23,704

10. CONTINGENT LIABILITIES

As at 31 March 2012, the Group has given guarantees of HK$153,169,000 (2011: HK$306,671,000) to banks for housing loans extended by the banks to the purchasers of the Group's properties for a period from the date the loans are granted to the purchasers up to the date of issuance of property title certificates to the purchasers.

11. CONVERTIBLE BONDS

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

DIVIDEND

The Directors recommend the payment of a final dividend of 5 Hong Kong cents per ordinary share for the year ended 31 March 2012 (2011: 5 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 31 August 2012. 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 20 September 2012.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 23 August 2012. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 20 August 2012 to 23 August 2012 (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 17 August 2012.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 31 March 2012 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 30 August 2012 and 31 August 2012, 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 27 August 2012. 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 29 August 2012.

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 2012.

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 2012.

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 which was in effect before 1 April 2012 (the "CG Code") as set out in former Appendix 14 of the Listing Rules for the year ended 31 March 2012, except for the following deviations:

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

   During the year ended 31 March 2012, the board of directors of the Company (the "Board") met twice for approving the annual results of the Company for the year ended 31 March 2011 and the interim results for the period ended 30 September 2011. 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 2012.

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

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

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

   All directors appointed to fill a casual vacancy 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 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). On 30 March 2012, the Company had adopted the revised terms of reference of the Remuneration Committee in order to comply with the revised Appendix 14 of the Listing Rules.

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 2012.

FINANCIAL REVIEW

Liquidity and financial resources

The total interest-bearing debts of the Group amounted to approximately HK$2,990 million as at 31 March 2012 (2011: HK$2,472 million), of which approximately 34% (2011: 38%) of the debts were classified as current liabilities. Included therein was HK$206 million (2011: HK$211 million) related to bank loans with repayable on demand clause. Based on the repayment schedules pursuant to the related loan agreements, the current portion of the total interest-bearing debts was approximately 27%. The increase in total debts was mainly due to the drawdown of additional bank loans for capital injection into mainland development projects and the refinancing of an investment property in Hong Kong with increased facility.

Total cash and bank balances including time deposits were approximately HK$1,100 million as at 31 March 2012 (2011: HK$1,126 million). The Group had a total of approximately HK$733 million (2011: HK$1,125 million) committed but undrawn banking facilities at year end available for its working capital purpose.

Total shareholders' funds as at 31 March 2012 were approximately HK$2,582 million (2011: HK$2,391 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$1,890 million (2011: HK$1,346 million) over the shareholders' funds plus non-controlling interests totalling of approximately HK$4,731 million (2011: HK$4,393 million), was 40% as at 31 March 2012 (2011: 31%).

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 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, Renminbi and United States dollars 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 2012, the Group had no material exposure under foreign exchange contracts or any other hedging instruments.

Pledge of assets

Bank balances, certain properties and investments with an aggregate carrying value of approximately HK$5,598 million as at 31 March 2012 and shares in certain subsidiaries were pledged to secure certain banking facilities of the Group.

Employees and remuneration policies

The Group, not including its associates and jointly-controlled entities, employed approximately 890 employees as at 31 March 2012. 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 2012, the Group's consolidated turnover and net profit attributable to shareholders amounted to HK$1,059 million (2011: HK$355 million) and HK$122 million (2011: HK$263 million), respectively. Basic earnings per share were 22.10 Hong Kong cents (2011: 47.75 Hong Kong cents). As at 31 March 2012, the shareholders' equity amounted to HK$2,582 million (2011: HK$2,391 million) and net assets per share attributable to shareholders were HK$4.68 (2011: HK$4.34).

The increase in turnover and revenue from property development and investment were mainly due to the sale of property units of Botanica Phase 2, the Group's development project in Guangzhou, and income from hotel operation and rental from commercial/office units recognized in the year under review. Nevertheless, net profit decreased was attributable to lower revaluation gain, net of deferred tax, on the Group's investment properties, during the year.

BUSINESS REVIEW

1. Property Development, Investment and Hotel Operations

The Group's property development and investment activities are conducted by our 55.52% owned Hon Kwok Land Investment Company, Limited ("Hon Kwok") (Stock Code: 160). Hon Kwok reported a turnover of HK$899 million (2011: HK$146 million) and a net profit of HK$206 million (2011: HK$464 million) for the financial year 2011-12. The increase in turnover was mainly due to the sale of property units of Botanica Phase 2, Hon Kwok's development project in Guangzhou, recognised for the financial year under review.

1.1 Property Development and Sales

Botanica Phase 2 寶翠園二期, 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. **Botanica Phase 1** 寶翠園一期 with eight blocks totalled 332 units had been delivered to individual purchasers in the financial year 2009/10.

Botanica Phase 2 寶翠園二期 also comprises eight blocks of 420 units and over 99% have been sold out. Delivery of all these units to individual purchasers have been completed and the profits derived therefrom have been recognised in the income statement during the year under review. Foundation works of **Botanica Phase 3** 寶翠園三期, comprises 12 blocks of about 550 units, are expected to be commenced in the third quarter of this year.

Metropolitan Oasis 雅瑤綠洲, Nanhai, PRC

This project, situated in Da Li District, Nanhai, is scheduled for development by phases. Out of the total gross floor area of approximately 273,000 sq.m. (excluding car parking spaces) to be developed under the project, about 139,000 sq.m. is attributable to Phase I. Construction of 71 town houses of about 18,000 sq.m. under Phase I has been finished and such units are expected to be launched to the market for sale in the second half of this year. Construction works of the high-rise apartments of about 121,000 sq.m. under the same phase have also been commenced and are expected to be completed by stages in the financial year 2013/14.

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

The planning for the project sites at Dong Guan Zhuan Road, Tian He District is in progress whilst the development sites at 45-107 Beijing Nan Road, Yue Xiu District is under the design stage.

1.2 Property Investment

Shenzhen, PRC

Substructure 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 with total gross floor area of 128,000 sq.m., are in progress. Construction of this 80-storey commercial/residential tower is expected to be completed two years later and thereafter, the Group intends to hold this signature building for recurrent rental income.

The ground level's retail shops and 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 fully leased out. **The Bauhinia Hotel (Shenzhen)** 寶軒酒店（深圳）, a 158-room hotel at levels 3 to 5 of the commercial podium and **City Suites** 寶軒公寓, a 64-unit serviced apartments atop of the above 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 and office building situated at the junction of Beijing Road, Nanti Er Road and Baqi Er Road, Yue Xiu District, is over 99%. 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 encouraging.

Chongqing, PRC

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

Chongqing International Finance Centre 重慶國際金融中心, with total gross floor area of 133,502 sq.m., is also situated in Bei Bu Xin Qu and adjacent to the above complete property. Substructure works have been commenced and superstructure construction is expected to be completed by the end of 2013. This twin-tower project is scheduled to be developed into a grade A office tower and a 5-star hotel plus serviced apartments building with respective retail/commercial podium and is being held by the Group as investment property for future rental income.

Hong Kong

The retail areas at ground floor of the hotel/apartment building at Connaught Road Central and Des Voeux Road Central enjoy full occupancy while the average occupancy and room rates for both **The Bauhinia Hotel (Central)** 寶軒酒店（中環）, a 42-room boutique hotel at the podium floors and **The Bauhinia** 寶軒, a 171-room serviced apartments atop of the above hotel, are encouraging.

Knutsford Place 諾士佛廣場, a 23-storey commercial and office building, is situated at Observatory Court, Tsim Sha Tsui. In prior years, nine upper floors had been converted into a 44-room boutique hotel, **The Bauhinia Hotel (TST)** 寶軒酒店（尖沙咀）, and maintains a satisfactory average occupancy and room rates. The Group is in the process of converting an additional ten lower floors into 45 hotel rooms. Renovation works are expected to be commenced in the next quarter upon obtaining approval from the relevant authorities. Thereafter, the whole building will comprise a total of 89-room boutique hotel with the remaining floors being retained for retail use and aim to cater for the increasing demand from overnight visitor arrivals.

Hon Kwok Jordan Centre 漢國佐敦中心, a 23-storey commercial and office building situated at Hillwood Road, Tsim Sha Tsui, is currently being occupied by approximately 85%.

Recurrent rental income

During the year under review, with contribution from the full operation of the aforesaid 645 guest rooms under the brand name of "**The Bauhinia** 寶軒" in Hong Kong, Shenzhen and Guangzhou as well as our enlarged investment property portfolios in Mainland China, the Group's recurrent rental income has been significantly enhanced.

2. Garment

J.L. Garment Group, wholly owned by our Company, reported turnover of HK$160 million (2011: HK$209 million) with a net profit of HK$2 million (2011: HK$10 million) for the year under review.

The business condition was extremely tough for export oriented manufacturing businesses during the year under review. The weak economic growth in the US and the worsening Eurozone debt crisis continued to hamper the desire in the consumer markets, and sales orders had dropped significantly. In the Mainland China, years of rapid economic growth continuously led to surging material prices and labour costs, which accelerate a difficult operating environment. Our customers, who were mainly in Germany and Italy, became price-conscious and were cautious about placing orders with us with reduced gross profit margin. As a result of the highly competitive market, both the turnover and profit of the J.L. Group recorded a decline.

To sustain its profitability, J.L. Group continues to implement tight control on operating costs by sourcing competitive supply of production materials and accessories, and to explore opportunities for new customers in other areas where economic growth is stable.

3. Construction and Trading

Chinney Alliance Group Limited ("Chinney Alliance"), a 29.1% owned associate recorded turnover and net profit for the year ended 31 December 2011 of HK$2,220 million (2010: HK$1,990 million) and HK$23 million (2010: HK$24 million) respectively.

Benefited from the substantial increase in demand of infrastructure works as well as housing development projects, turnover contributed from the building construction and foundation piling divisions increased over last year. The increase in labour wages and overhead costs in the construction industry led to a drop in the profit margin. The contracts currently performed included several school projects, a hotel project, private residential development and public housing projects. However, with increased turnover, better performance could be expected for the current year.

The plastic trading division remained profitable but showed a drop in both turnover and profit due to the weak demand in the US and the Europe consumer markets. This in turn, reduced the consumption of plastics and chemical raw materials. Under the difficult economic environment, the division continues its strategy to tightly control its inventory level and debt collection to maintain a sound financial position and will seize opportunity to expand the business in the Mainland China market.

4. Other investment

Owing to the price fluctuation in Hong Kong stock market for the year under review, the Group recorded in our income statement an unrealized fair value gain of HK$3 million on a listed investment. The carrying value of the listed investment as measured at its market value as at 31 March 2012 slightly exceeded its original acquisition cost.

OUTLOOK

The Eurozone debt crisis remains a dominant risk factor underlying the recovery of the global economy. It is anticipated that the recent deterioration of sovereign debt crisis, coupled with the weak growth data in the euro zone will continue to dampen investors' confidence as well as the consumer spending in the consumer markets. In the US, although the government had implemented severe monetary stimulus measures including the Quantitative Easing measures to boost up economic recovery, the progress of economic growth is still disappointing and unemployment rate is rising during the recent months. Under the current market uncertainty and volatility, the global economy is set to remain vulnerable to disruptions in the euro zone countries.

Following the rapid and steady economic growth in the last decade, China has become the world's second largest economy. However, the booming economy had brought about persistent upsurge of material prices, labour shortage and gradual appreciation of Renminbi which, eventually, led to a less competitive environment to the manufacturers. As the domestic consumer markets are expanding, China tends to play a vital role in the global economic recovery.

In the first quarter, the GDP growth in the Mainland China eased to 8.1%, the slowest in three years. To boost up the economy, a reduction of 0.5% on the reserve requirement ratio to 20% for large banks was effected in last month, followed by the latest cut of benchmark lending rate by 0.25% for the fist time in three and a half years.

The property market in the Mainland China has shown a decline in both the selling prices and transaction volume on the residential units. However, it is expected that the existing restrictive measures being implemented by the Central Government on the residential property market will remain throughout the year. Nevertheless, under the strong end-user demand to upgrade housing standard, the Board is prudently optimistic about the property market in the Mainland China in the medium to long term.

Despite the external challenges, the Hong Kong property market exhibited a steady growth supported by the domestic demand of residential housing, increase in income level and prevailing low interest rate, the Hong Kong property developers are still eager to launch property development projects, together with the commencement of infrastructure works by the government, it is expected that the building construction industry will maintain its growth momentum in the year ahead.

The garment business is facing a difficult trading environment with weak external demand together with rising production cost in the Mainland China. To overcome these challenges, our garment group will focus on its strength to provide quality service, quick and flexible work flow to cater to our customers' needs and implement stringent cost control in order to sustain its profitability.

James Sai-Wing Wong
Chairman

Hong Kong, 19 June 2012

At the date of this announcement, the directors of the Company are Dr. James Sai-Wing Wong, Madam Madeline May-Lung Wong, Mr. William Chung-Yue Fan, Mr. Herman Man-Hei Fung and Mr. Paul Hon-To Tong and the independent non-executive directors are Dr. Clement Kwok-Hung Young, Mr. Peter Man-Kong Wong and Mr. James C. Chen.