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

2010-11 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 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*	**354,859**	1,042,234
Cost of sales		**(237,360)**	(789,866)
Gross profit		**117,499**	252,368
Other income and gains	*3*	**18,929**	23,703
Fair value gains on investment properties, net		**631,072**	310,950
Gain on disposal of investment properties		**1,130**	7,285
Gain on disposal of a jointly-controlled entity		**-**	76,922
Gain on repurchase of convertible bonds		**-**	19,199
Fair value gain/(loss) on equity investments at fair value through profit or loss, net		**(6,300)**	40,252
Selling and distribution costs		**(21,609)**	(24,207)
Administrative and other operating expenses		**(99,453)**	(112,098)
Finance costs	*4*	**(43,689)**	(25,127)
Share of profits and losses of:			
Associates		**6,886**	22,517
Jointly-controlled entities		**194**	(473)
Profit before tax	*5*	**604,659**	591,291
Income tax expense	*6*	**(129,068)**	(114,214)
Profit for the year		**475,591**	477,077
Attributable to:			
Owners of the Company		**263,278**	276,291
Non-controlling interests		**212,313**	200,786
		475,591	477,077
Dividend – proposed final		**27,568**	27,568

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**47.75** cents	HK50.11 cents
Diluted		HK**45.83** cents	HK48.41 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 March	
	2011	2010
	HK$'000	*HK$'000*
Profit for the year	**475,591**	477,077
Other comprehensive income		
Share of other comprehensive income of associates	**(97)**	(374)
Exchange differences on translation of foreign operations	**127,268**	15,808
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	**127,171**	7,006
Total comprehensive income for the year	**602,762**	484,083
Attributable to:		
Owners of the Company	**329,740**	279,864
Non-controlling interests	**273,022**	204,219
	602,762	484,083

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		**115,805**	109,638	95,919
Property under development		-	-	807,841
Prepaid land lease payments		**14,579**	15,768	16,190
Investment properties		**4,784,501**	3,753,795	2,563,615
Investments in associates		**112,496**	110,899	93,084
Investments in jointly-controlled entities		**3,491**	3,297	39,423
Promissory note receivable from an associate		**-**	-	40,113
Deferred tax assets		**117**	109	170
Loan receivables		**1,608**	2,466	3,283
Total non-current assets		**5,032,597**	3,995,972	3,659,638
CURRENT ASSETS				
Inventories		**11,645**	9,233	15,718
Properties held for sale under development and properties held for sale		**1,811,676**	1,572,723	1,438,025
Prepaid land lease payments		**1,186**	473	471
Equity investments at fair value through profit or loss		**51,061**	57,361	17,109
Trade and bills receivables	*8*	**24,877**	39,877	24,489
Prepayments, deposits and other receivables		**84,719**	50,751	34,393
Promissory note receivable from an associate		**-**	40,518	-
Amount due from a related company		**396**	359	345
Amounts due from jointly-controlled entities		**31**	25	178,837
Tax recoverable		**32,198**	988	191
Pledged deposits		**96,974**	91,200	-
Cash and cash equivalents		**1,029,076**	685,000	366,151
Total current assets		**3,143,839**	2,548,508	2,075,729
CURRENT LIABILITIES				
Trade payables and accrued liabilities	*9*	**125,148**	217,120	192,575
Customer deposits		**670,433**	7,200	76,191
Amounts due to the immediate holding company		**-**	40,000	40,000
Tax payable		**67,492**	79,568	64,756
Interest-bearing bank borrowings		**821,802**	424,655	544,591
Promissory note payable		**-**	20,000	-
Convertible bonds		**108,355**	-	-
Total current liabilities		**1,793,230**	788,543	918,113

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	31 March 2011 **HK$'000**	31 March 2010 *HK$'000* *(Restated)*	1 April 2009 *HK$'000* *(Restated)*
NET CURRENT ASSETS	**1,350,609**	1,759,965	1,157,616
TOTAL ASSETS LESS CURRENT LIABILITIES	**6,383,206**	5,755,937	4,817,254
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	**448,047**	290,832	232,276
Total non-current liabilities	**1,989,734**	1,907,141	1,401,478
Net assets	**4,393,472**	3,848,796	3,415,776
EQUITY			
Equity attributable to owners of the Company			
Issued capital	**137,842**	137,842	137,842
Reserves	**2,225,933**	1,919,997	1,667,701
Proposed final dividend	**27,568**	27,568	22,055
	2,391,343	2,085,407	1,827,598
Non-controlling interests	**2,002,129**	1,763,389	1,588,178
Total equity	**4,393,472**	3,848,796	3,415,776

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 (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.

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 amendments to HKAS 27 (Revised) result in changes in the accounting policies of the Group for (i) the recognition of any difference between the amounts by which the non-controlling interests are adjusted and the fair value of the consideration paid or received directly in equity and attributable to the owners of the Company, in any case of change in the ownership interest in a subsidiary without loss of control; and (ii) the attribution of profit or loss and other comprehensive income to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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.

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

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	211,000	-	22,500
NON-CURRENT LIABILITIES			
Decrease in interest-bearing bank borrowings	(211,000)	-	(22,500)

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

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	(1,429,544)	(1,424,450)	(904,417)
CURRENT ASSETS			
Increase in properties held for sale under development and properties held for sale	1,429,544	1,424,450	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 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 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, 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, an amount due to the immediate holding company, 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 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 of associates					**6,886**
Share of profits of jointly-controlled entities					**194**
Profit before tax					**604,659**

For the year ended 31 March 2010

	Garment	Property development	Property investment	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:					
Sales to external customers	229,650	738,767	40,317	33,500	1,042,234
Segment results	15,831	149,004	288,249	13,735	466,819
Reconciliation:					
Interest income					4,187
Dividend income and unallocated gains					40,440
Gain on repurchase of convertible bonds					19,199
Gain on disposal of a jointly-controlled entity					76,922
Corporate and other unallocated expenses					(13,193)
Finance costs					(25,127)
Share of profits of associates					22,517
Share of losses of jointly-controlled entities					(473)
Profit before tax					591,291

2. OPERATING SEGMENT INFORMATION *(Continued)*

	At 31 March 2011				
	Garment *HK$'000*	**Property development** *HK$'000*	**Property investment** *HK$'000*	**Others** *HK$'000*	**Total** *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 *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	**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)*

	At 31 March 2010				
	Garment *HK$'000*	Property development *HK$'000*	Property investment *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment assets	140,402	1,637,184	4,008,743	1,910,012	7,696,341
Reconciliation:					
Elimination of intersegment receivables					(2,141,293)
Investments in associates					151,417
Investments in jointly-controlled entities					3,297
Amounts due from jointly-controlled entities					25
Corporate and other unallocated assets					834,693
Total assets					6,544,480
Segment liabilities	28,913	1,166,643	898,929	331,047	2,425,532
Reconciliation:					
Elimination of intersegment payables					(2,141,293)
Corporate and other unallocated liabilities					2,411,445
Total liabilities					2,695,684

	For the year ended 31 March 2010				
	Garment *HK$'000*	Property development *HK$'000* *(Restated)*	Property investment *HK$'000*	Others *HK$'000*	Total *HK$'000* *(Restated)*
Other segment information:					
Fair value gains on investment properties, net	1,300	-	309,650	-	310,950
Depreciation and amortisation	4,047	2,118	117	1,008	7,290
Capital expenditure *	1,649	17,718	111,231	1,037	131,635

* 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	**79,772**	133,863
Mainland China	**67,252**	678,321
Europe	**183,438**	199,451
North America	**20,881**	26,840
Others	**3,516**	3,759
	354,859	1,042,234

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	**2,153,701**	1,755,774
Mainland China	**2,761,184**	2,123,260
Others	**-**	167
	4,914,885	3,879,201

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

Revenue of approximately HK$55,846,000 (2010: HK$45,793,000) was derived from sales by the garment segment to a single customer.

3. OTHER INCOME AND GAINS

	2011	2010
	HK$'000	*HK$'000*
Bank interest income	**3,678**	1,597
Other interest income	**1,482**	2,590
Dividend income from listed investments at fair value through profit or loss	**914**	188
Gain on disposal of items of property, plant and equipment	**-**	118
Foreign exchange differences, net	**4,130**	7,875
Project consultancy service income	**-**	2,500
Management fee income received from an associate	**3,000**	3,000
Gain on bargain purchase	**1,246**	-
Others	**4,479**	5,835
	18,929	23,703

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	**64,977**	54,095
Interest on bank loans wholly repayable after five years	**2,308**	-
	67,285	54,095
Less: Interest capitalised under property development projects	**(23,596)**	(28,968)
	43,689	25,127

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
Cost of inventories sold	**154,803**	169,846
Depreciation	**8,969**	6,817
Amortisation of prepaid land lease payments	**1,186**	473
Minimum lease payments under operating leases on land and buildings	**25,836**	27,182
Auditors' remuneration	**2,793**	2,717
Employee benefits expense (including directors' remuneration):		
Wages, salaries, allowances and benefits in kind	**81,865**	81,923
Pension scheme contributions	**2,330**	2,483
	84,195	84,406
Less: Amount capitalised under property development projects	**(6,200)**	(5,300)
	77,995	79,106
Gross rental income included in the following categories:		
- Rental income	**(115,045)**	(71,560)
- Other income	**(124)**	(365)
	(115,169)	(71,925)
Less: Outgoing expenses	**64,659**	45,576
	(50,510)	(26,349)
Impairment of trade receivables	**22**	7
Loss/(gain) on disposal of items of property, plant and equipment	**499**	(118)
Interest income	**(5,160)**	(4,187)

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

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 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.

	2011	2010
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**1,685**	6,040
Overprovision in prior years	**-**	(46)
Current – Elsewhere		
Charge for the year	**3,925**	48,509
Land appreciation tax in Mainland China	**568**	6,680
Deferred	**122,890**	53,031
Total tax charge for the year	**129,068**	114,214

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:

	2011	2010
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**263,278**	276,291
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	**(12,622)**	(9,350)
Profit attributable to ordinary equity holders of the Company after the full conversion of the convertible bonds of a subsidiary	**252,689**	266,941

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:

	2011	2010
	HK$'000	*HK$'000*
Within 30 days	**5,447**	21,676
31 to 60 days	**4,723**	6,426
61 to 90 days	**14,506**	3,247
Over 90 days	**201**	8,528
Total	**24,877**	39,877

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$23,704,000 (2010: HK$39,294,000). 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	**17,498**	33,369
31 to 60 days	**5,318**	4,808
61 to 90 days	**75**	449
Over 90 days	**813**	668
Total	**23,704**	39,294

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 5 Hong Kong cents per ordinary share for the year ended 31 March 2011 (2010: 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 16 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.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).

4. 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$2,472 million as at 31 March 2011 (2010: HK$2,041 million), of which approximately 38% (2010: 21%) 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$211 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 15%.

Total cash and bank balances including time deposits were approximately HK$1,126 million as at 31 March 2011 (2010: HK$776 million). The Group had a total of approximately HK$1,125 million (2010: HK$1,132 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$2,391 million (2010: HK$2,085 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$1,346 million (2010: HK$1,265 million) over the shareholders' funds plus non-controlling interests totalling of approximately HK$4,393 million (2010: HK$3,849 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

Bank balances, certain properties and investments with an aggregate carrying value of approximately HK$5,148 million as at 31 March 2011 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 1,100 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$355 million (2010: HK$1,042 million) and HK$263 million (2010: HK$276 million), respectively. Basic earnings per share were 47.75 Hong Kong cents (2010: 50.11 Hong Kong cents). As at 31 March 2011, the shareholders' equity amounted to HK$2,391 million (2010: HK$2,085 million) and net assets per share attributable to shareholders were HK$4.34 (2010: HK$3.78).

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. Nevertheless, net profit was merely slightly decreased due to the recognition of property 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 54.54% owned Hon Kwok Land Investment Company, Limited ("Hon Kwok") (Stock Code: 160). Hon Kwok reported a turnover of HK$146 million (2010: HK$813 million) and a net profit of HK$464 million (2010: HK$374 million) for the financial year 2010-11. The decrease in turnover was due to the property units pre-sold, which sales has yet to be recognised for the year under review.

1.1 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 Hon Kwok in June 2006, Hon Kwok 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 Hon Kwok.

1.2 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.

1.3 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. Hon Kwok 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, Hon Kwok 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 Hon Kwok. 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, Hon Kwok's recurrent rental income is expected to be enhanced in the years ahead.

2. Garment

J.L. Garment Group, wholly owned by our Company, reported turnover of HK$209 million (2010: HK$230 million) with a net profit of HK$10 million (2010: HK$14 million) for the year under review.

The business condition remained challenging and tough to the garment industry during the year under review. Although the global economy continued to revive after the financial crisis, the pace of recovery was slower than anticipated. The European consumer markets were very susceptible to market uncertainties, in particular, the ongoing debt problems of some European countries retarded the economic recovery within the region. To maintain competitiveness, our customers, who were mainly in Germany, Italy and Canada implemented stringent strategies on controlling purchase prices or sourced cheaper supplies from other developing countries, our export sales were slightly declined. On the production aspect, the persisting appreciation of Renminbi and rising inflation rate in the Mainland China escalated our production cost and therefore, further eroded our profit margin and earnings.

To sustain its profitability and maintain its competitive advantages, J.L. Group continued to deliver quality sales services and strategically restructured its production process to enhance its production efficiency and reduce the production cost in the coming year. It is delightful that J.L. Garment Group had achieved a slight profit amid various challenges during the year.

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 2010 of HK$1,990 million (2009: HK$2,106 million) and HK$24 million (2009: HK$77 million) respectively.

Profit for the year under review included the fair value losses on equity investments of HK$6 million (2009: gains of HK$15 million) and surplus arising on changes in fair value of investment properties of HK$2 million (net of deferred tax) (2009: HK$1 million). Profit for last year also included surplus on revaluation of properties of HK$10 million (net of deferred tax) as a result of reversal of revaluation losses in prior years. Should these non-recurring items be excluded for both years, the net profit for the year ended 31 December 2010 for Chinney Alliance would be about HK$28 million (2009: HK$51 million).

Chinney Alliance Group's building construction business and the foundation piling services business recorded a total turnover of HK$1,107 million (2009: HK$1,195 million) and total operating profit of HK$14 million (2009: HK$65 million). The operating profit for the building construction business remained stable, profit for the year under review amounted to HK$14 million (2009: HK$13 million) was mainly contributed from school projects. However, the profit of the foundation piling and ground investigation business dropped to HK$0.3 million (2009: HK$ 52 million) and was owing to additional costs incurred for three foundation piling projects due to unexpected difficult ground conditions. Other foundation piling projects, including the West Rail station recorded satisfactory profit.

The plastic trading division, which consists of Jacobson van den Berg (Hong Kong) Limited ("Jacobson") and other companies, recorded a turnover of HK$519 million (2009: HK$446 million) with operating profit of HK$18 million (2009: HK$8 million). Benefited from the global economic recovery and the rise of crude oil price in 2010, turnover and profit margin were both improved. Jacobson will continue to expand the Mainland China market to find products and solution to her customers so as to enhance its earnings.

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 loss of HK$6 million on a listed investment. The carrying value of the listed investment as measured at its market value as at 31 March 2011 still exceeded its original acquisition cost.

OUTLOOK

The Hong Kong economy has exhibited increasing growth momentum, with the first quarter GDP growth at 7.2% on a year-to-year basis while unemployment went down to 3.5% in April this year. In the Mainland China, economic growth remains robust, consumer inflation rate rose to 5.5% in May this year. To contain high imported inflation, it is anticipated that the Central Government will continue to let the Renminbi's exchange rate appreciate gradually.

In order to cool down the overheated property market in the Mainland, the People's Bank of China tightened the reserve requirement ratio to a record high of 21.5% for major banks. In addition, the benchmark lending rate has been raised four times since October 2010. Together with the previous implementation of administrative measures by the Central Government, property transactions in major cities dropped significantly. Hon Kwok will closely monitor the property market in the Mainland China and Hong Kong and intends to replenish its land bank at opportune times.

Despite the government's measures to slow down the overheating property market, the Hong Kong property developers are still keen to launch property development projects and expand their land bank. Under the prevailing low interest rates and abundant market liquidity, coupled with the uptrend economic growth, the local property market continues to remain steady. Together with the large-scale public infrastructure projects under way, it is expected that the building construction business will gain benefit from more tender opportunities and will grow steadily.

Although the European market has remarkable sign of recovery, there are still numerous uncertainties that retard the recovery process. The ongoing Eurozone debt problems continue to sway the business decisions of the retailers and affect the sentiment of the retail market, the slowed down of economic recovery in the US and the end of the second round of Quantitative Easing measures may discourage domestic consumption in different regions. To overcome these challenges, our garment group will focus on restructuring and integration of production process with the aim to reduce the production cost and sustain its profitability.

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. 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.