Hon Kwok Land Investment Company, Limited

Stock Code: 160

Annual Report 2012/13

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Cover Photos:
Left: Jinshan Shangye Zhongxin, Chongqing, PRC – construction in progress
Right: Partial view of town houses and apartments under Phase I of Metropolitan Oasis, Da Li District, Nanhai, PRC

封面圖片：
左： 中國重慶金山商業中心－建築進行中
右： 中國南海大瀝鎮雅瑤綠洲第一期之聯排別墅及洋房之部份景觀

CORPORATE INFORMATION

DIRECTORS

James Sai-Wing Wong *(Chairman)*
Madeline May-Lung Wong
Herman Man-Hei Fung *(Vice-Chairman)*
Zuric Yuen-Keung Chan
Xiao-Ping Li
Emily Yen Wong *(Alternate director to Madeline May-Lung Wong)*
Daniel Chi-Wai Tse*
Kenneth Kin-Hing Lam*
Hsin-Kang Chang*

* *Independent non-executive directors*

AUDIT COMMITTEE

Kenneth Kin-Hing Lam
Daniel Chi-Wai Tse
Hsin-Kang Chang

REMUNERATION COMMITTEE

Daniel Chi-Wai Tse
Kenneth Kin-Hing Lam
Herman Man-Hei Fung

SECRETARY

Thomas Hang-Cheong Ma

PRINCIPAL BANKERS

The Bank of East Asia, Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China Limited
Industrial and Commercial Bank of China (Asia) Limited
Shanghai Commercial Bank Limited
Wing Lung Bank, Limited

AUDITORS

Ernst & Young

REGISTRARS

Tricor Tengis Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Hong Kong

REGISTERED OFFICE

23rd Floor
Wing On Centre
111 Connaught Road Central
Hong Kong

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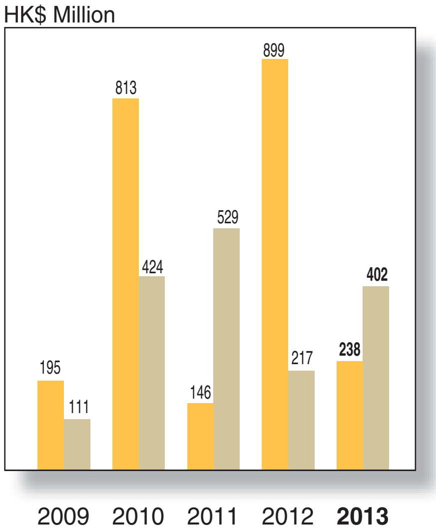
STOCK CODE

SEHK 160

WEBSITE

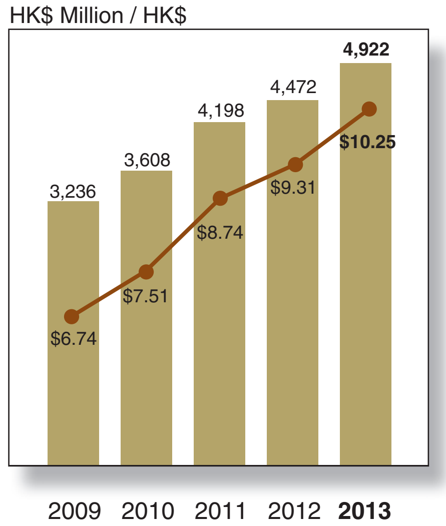
http://www.honkwok.com.hk

Turnover / Net Profit



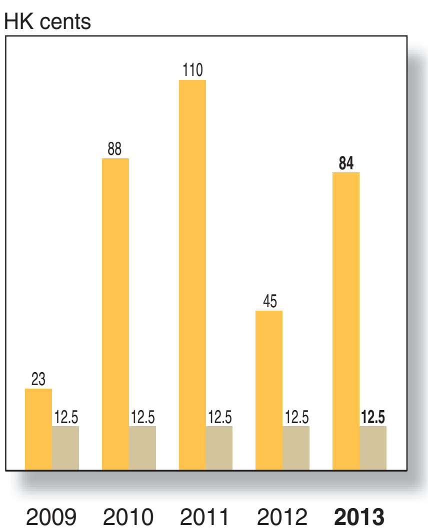
- Turnover
- Net profit attributable to shareholders

Shareholders' Funds / Net Assets per Share



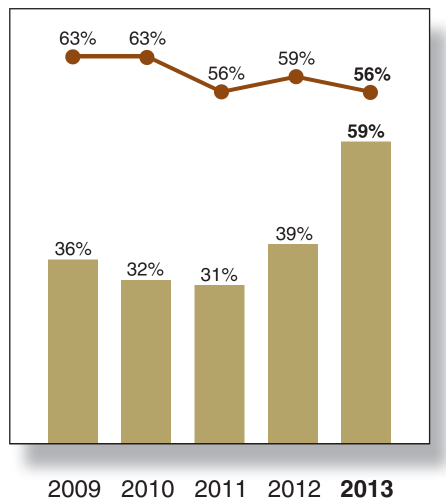
- Shareholders' funds
- Net assets per share (HK$)

Earnings / Dividend per Share



- Earnings per share
- Dividend per share

Gearing / Equity Funding



- Gearing ratio (*)
- % of total assets financed by equity

(*) Representing ratio of "bank borrowings + convertible bonds – bank balances" to "shareholders' funds + non-controlling interests".

LOCATION OF PROPERTY PROJECTS IN MAINLAND CHINA

Projects under Development

1 Botanica 寶翠園
2 Adjacent site to No. 5 Residence 北京路5號公館
3 Second adjacent site to No. 5 Residence 北京路5號公館
4 Dong Guan Zhuan 東莞莊 project
5 Metropolitan Oasis 雅瑤綠洲, Nanhai (not shown above)
6 Hon Kwok City Commercial Centre 漢國城市商業中心
7 Jinshan Shangye Zhongxin 金山商業中心
8 Enterprise Square 僑城坊, Nanshan District (not shown above)

Completed Projects

9 Millennium Oasis 城市綠洲花園 Phase I [2001], Phases II & III [2002]
10 City Square 城市天地廣場 [2005]
11 Chongqing Hon Kwok Centre 重慶漢國中心 [2009], held as investment property
12 No. 5 Residence 北京路5號公館 [2009]

Hotel/Serviced Apartments

13 City Suites 寶軒公寓
14 The Bauhinia Hotel (Shenzhen) 寶軒酒店（深圳）
15 The Bauhinia Hotel (Guangzhou) 寶軒酒店（廣州）

Acquired Property

16 Ganghui Dasha 港滙大廈, held as investment property

FINANCIAL RESULTS

For the year ended 31 March 2013, the Group's consolidated turnover and net profit attributable to shareholders amounted to HK$238 million (2012: HK$899 million) and HK$402 million (2012 (restated): HK$217 million), respectively. Basic earnings per share were 84 Hong Kong cents (2012 (restated): 45 Hong Kong cents). As at 31 March 2013, the shareholders' equity amounted to HK$4,922 million (2012 (restated): HK$4,472 million) and net assets per share attributable to shareholders were HK$10.25 (2012 (restated): HK$9.31).

The decrease in turnover was mainly due to fewer property sales recognised for the year whereas the increase in profit was mainly attributable to the recognition of property revaluation gain, net of deferred tax, of HK$397 million (2012 (restated): HK$146 million).

DIVIDEND

The Directors recommend the payment of a final dividend of 12.5 Hong Kong cents per ordinary share for the year ended 31 March 2013 (2012: 12.5 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 6 September 2013. 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 4 October 2013.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 29 August 2013. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 26 August 2013 to 29 August 2013 (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 23 August 2013.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 31 March 2013 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 5 September 2013 and 6 September 2013, 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 2 September 2013. 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 4 September 2013.

RE-DESIGNATION OF DIRECTOR

Dr. Emily Yen Wong has been re-designated from an alternate director to Madam Madeline May-Lung Wong (non-executive director) to a non-executive director of the Company with effect from 28 June 2013.

BUSINESS REVIEW

Acquisition of Properties

As disclosed in our Interim Report, on 18 September 2012, the Group entered into an agreement to subscribe for 20% interest in Chinney Trading Company Limited ("Chinney Trading") at a cash consideration of HK$368,537,000. For details, please refer to the Company's circular dated 25 October 2012. The above subscription constituted a major and connected transaction for the Company and had been approved by the Company's independent shareholders. The above transaction was completed in February 2013 and thereafter, accounted for as investment in an associate in the financial statements. Chinney Trading, via its wholly-owned subsidiary, holds a development site situated at 中國深圳市南山區僑香路北側 (Qiaoxiang Road North, Nanshan District, Shenzhen, PRC) and to be developed into a group of buildings for composite use with total gross floor area of approximately 224,500 sq.m. Substructure works are in progress which are expected to be completed in the next quarter followed by foundation and superstructure works.

On 31 December 2012, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement for the acquisition of a villa located in Longgang District, Shenzhen, PRC from a wholly-owned subsidiary of Chinney Alliance Group Limited ("Chinney Alliance") for a cash consideration of HK$9,383,000. The above acquisition constituted a connected transaction for the Company and was subject to the reporting and announcement requirements but was exempt from independent shareholders' approval. For details, please refer to the Company's announcement dated 31 December 2012. On 31 January 2013, the balance of the consideration was settled by the Group.

Property Development and Sales

Botanica Phase 3 寶翠園三期, Guangzhou, PRC

The Botanica 寶翠園, situated in the greenery zone of Tian He District near the Botanical Garden, comprises 39 blocks of high-rise residential building. This project, with total gross floor area of approximately 229,000 sq.m., is scheduled for development and pre-sale by phases. In the prior financial years, **Botanica Phases 1 and 2 寶翠園一及二期**, with total 16 blocks of over 750 units, had been sold out and delivered to individual purchasers. Foundation works of **Botanica Phase 3 寶翠園三期**, comprises 12 blocks of about 530 units, are in progress and expected to be completed by the end of this year.

BUSINESS REVIEW *(Continued)*

Property Development and Sales *(Continued)*

Metropolitan Oasis 雅瑤綠洲, Nanhai, PRC

The whole project, with total gross floor area of approximately 273,000 sq.m., is situated in Da Li District, Nanhai and scheduled for development by phases. Phase 1 of the project comprises 71 units of 3-storey town houses of about 18,000 sq.m. and 24 blocks of high-rise apartments of about 121,000 sq.m. Construction works of the town houses have been completed whilst those of the high-rise apartments are in progress and expected to be completed by stages commencing in the financial year 2013/14 through 2015/16. The completed town houses together with four blocks of the above apartment units have been launched to the market for sale. Up to the date of this report, total contracted sales exceeded RMB180 million and profits derived from the delivered town houses have been recognized in the income statement during the financial year under review whereas those from the other sold units will be recognized in the forthcoming financial years.

Partial view of town houses and apartments under Phase I of Metropolitan Oasis

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

The development site at Dong Guan Zhuan Road, Tian He District are under planning stage. In respect of the project sites at 45-107 Beijing Nan Road, Yue Xiu District, design work is in progress.

Property Investment

Shenzhen, PRC

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, is being developed as an 80-storey commercial/office/residential tower with total gross floor area of 128,000 sq.m. Its superstructure works are in progress and completion of construction is expected to be in 2015. This signature building will be held by the Group for recurrent rental income.

Hon Kwok City Commercial Centre – an 80-storey commercial/office/residential tower project

Construction progress in June 2012 *Construction progress in June 2013*

BUSINESS REVIEW *(Continued)*

Property Investment *(Continued)*

Shenzhen, PRC *(Continued)*

City Square 城市天地廣場, situated at Jia Bin Road, Luo Hu District, is a 5-storey commercial podium. The retail areas at ground level and level 2 of the podium are fully let. The average occupancy and room rates of **The Bauhinia Hotel (Shenzhen)** 寶軒酒店(深圳), a 158-room hotel at levels 3 to 5 of the above podium and **City Suites** 寶軒公寓, a 64-unit serviced apartments on top of it, both are maintained at a satisfactory level.

Guangzhou, PRC

Ganghui Dasha 港滙大廈, situated at the junction of Beijing Road, Nanti Er Road and Baqi Er Road, Yue Xiu District, is a 20-storey commercial/office building with current occupancy rate approximately 75%.

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

Chongqing, PRC

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

Construction works of **Jinshan Shangye Zhongxin** 金山商業中心, adjacent to the above completed property, are well in progress. The whole project is scheduled to be completed by the end of this year. This twin-tower project, with total gross floor area of 133,502 sq.m., is being developed as a grade A office tower and a 5-star hotel plus apartments with a retail/commercial podium.

Jinshan Shangye Zhongxin – commercial/office/hotel/apartments twin-tower project

Construction progress in June 2012

Construction progress in June 2013

BUSINESS REVIEW *(Continued)*

Property Investment *(Continued)*

Hong Kong

The retail areas at ground level of the hotel/apartment building at Connaught Road Central and Des Voeux Road Central have been fully leased out except for two small shops. **The Bauhinia Hotel (Central)** 寶軒酒店（中環）, situated at four podium floors of the above building, is a 42-room boutique hotel. Its average occupancy rate exceeds 90% with satisfactory room rates. **The Bauhinia** 寶軒, a 171-room serviced apartments atop of the above hotel, has an average occupancy rate about 80%.

The Bauhinia Hotel (TST) 寶軒酒店（尖沙咀）, situated at nine upper floors of a 23-storey commercial/office building at Observatory Court, Tsim Sha Tsui, is a 44-room boutique hotel with average occupancy rate about 85% and satisfactory room rates. Renovation works for conversion of ten lower floors of the above building into additional 54 hotel rooms are in progress and expected to be completed by early next year. Thereafter, the whole building will become a boutique hotel comprising a total of 98 rooms with the remaining floors as commercial use for rental income.

Hon Kwok Jordan Centre 漢國佐敦中心, situated at Hillwood Road, Tsim Sha Tsui, is a 23-storey commercial/office building with current occupancy over 95% at satisfactory rental rate.

OUTLOOK

The global economic uncertainties remain. Lingering recession in Euro Zone countries continued while U.S. economy only showed signs of tepid recovery. On the other hand, Mainland China's GDP growth has slowed in the preceding quarter; but inflation rate was maintained at a moderate level of 2.1% in May.

In Mainland China, the "New Five Measures" announced by the Central Government in order to cool down and ensure healthy development of property market appears not to restrain mainland economic growth whereas its impact on property market seems to be mild. However, further tightening measures could not be ruled out if market trends turn out to be undesirable. In view of urbanization momentum, improving domestic demand and relatively accommodative policy support, Mainland China's economic growth looks sustainable.

In Hong Kong, the implementation of additional stamp duties coupled with mortgage control measures is expected to affect investment and high-end housing demands. Hong Kong Government is primarily aiming to stabilise property prices to avoid economic downturn.

Finally, I would like to thank my fellow directors for their valuable advice and all staff members for their dedicated efforts during the year under review.

James Sai-Wing Wong
Chairman

Hong Kong, 27 June 2013

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

James Sai-Wing Wong

Aged 75, was appointed as the Managing Director of the Company in 1985 and became the Chairman in 1990. He is the Chairman of Chinney Investments, Limited ("Chinney Investments"), a director of Chinney Holdings Limited ("Chinney Holdings") and Lucky Year Finance Limited ("Lucky Year"), all being substantial shareholders of the Company. He is also the Chairman of Chinney Alliance. Except Chinney Holdings and Lucky Year, all the other companies are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He was appointed a Justice of the Peace for Hong Kong in 1987.

Madeline May-Lung Wong

Aged 73, was appointed as a director of the Company in 1985. She is a director of Chinney Investments, Chinney Holdings and Lucky Year, all being substantial shareholders of the Company. She is also a director of HKR International Limited. Chinney Investments and HKR International Limited are both listed on the Main Board of the Stock Exchange.

Herman Man-Hei Fung

Aged 75, was appointed as the General Manager of the Company in 1986, a director of the Company in 1988 and Managing Director in 1991. Mr. Fung stepped down from the executive post of Managing Director on 31 October 2002 and became Vice-Chairman of the Company since 1 November 2002. He is the Managing Director of Chinney Investments and a director of Chinney Holdings and Lucky Year, all being substantial shareholders of the Company. He is also a non-executive director of Chinney Alliance. Both Chinney Investments and Chinney Alliance are listed on the Main Board of the Stock Exchange. He has actively participated in the property investment and development business for the past 42 years and has extensive experience in finance, marketing, construction and general administration of the real estate business. Mr. Fung was appointed a member of the Hong Kong Inland Revenue Board of Review from November 1996 to June 2005.

DIRECTORS *(Continued)*

Zuric Yuen-Keung Chan

Aged 58, was appointed as a director of the Company in December 2003 and re-designated as an Executive Director of the Company in January 2007. He is also the Vice-Chairman and Managing Director of Chinney Alliance, which is listed on the Main Board of the Stock Exchange. He has 39 years of experience in the construction industry. He is a member of the Chartered Institute of Building.

Xiao-Ping Li

Aged 61, joined the Group in 1999 and was appointed as an Executive Director of the Company in December 2009. He has over 34 years of experience in economics and management in the People's Republic of China ("PRC"). He has obtained a senior economist qualification certificate of PRC. He is a member of the Plant Maintenance Association of Chinese Mechanical Engineering Society.

Emily Yen Wong

Aged 47, was appointed as alternate director to Madam Madeline May-Lung Wong, non-executive director of the Company, in November 2011. Dr. Emily Wong holds a Doctor of Medicine degree and an Executive Masters of Health Administration degree from University of Washington and is a diplomate of the American Board of Internal Medicine.

Dr. Emily Wong serves on the Executive Committee of Qiu Shi Science & Technologies Foundation. She is currently an Honorary Associate Professor of Department of Family Medicine and Primary Care in The University of Hong Kong Faculty of Medicine and is the Immediate Past Chief of Staff at the University of Washington Medical Center.

Dr. Emily Wong is a director of Lucky Year and Chinney Holdings, both of which are substantial shareholders of the Company. She is the daughter of Dr. James Sai-Wing Wong, Chairman and substantial shareholder of the Company, and Madam Madeline May-Lung Wong, non-executive director and substantial shareholder of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Daniel Chi-Wai Tse

Aged 78, was appointed as an independent non-executive director of the Company in 1993. He is the Council Chairman of the University of Macau and the President Emeritus of the Hong Kong Baptist University. He was the President and Vice-Chancellor of the Hong Kong Baptist University for 30 years and retired in June 2001. He holds a Ph.D. in Physics from the University of Pittsburgh, USA. He was appointed a Justice of the Peace for Hong Kong in 1977 and was awarded Gold Bauhinia Star in 1998.

Kenneth Kin-Hing Lam

Aged 59, was appointed as an independent non-executive director of the Company in 2004. He is the Deputy Chairman and Chief Executive Officer of Quam Limited, which is listed on the Main Board of the Stock Exchange. He is a director of Seamico Securities Public Company Limited, a company listed in Thailand, and has previously held directorship in other public listed company in Thailand. Mr. Lam is the Vice Chairman and past Chairman (2009-2010) of the Institute of Securities Dealers Limited. He had worked for a Dutch international bank for 10 years as the head of its PRC and corporate banking operations. He has more than 30 years of experience in corporate finance and banking. Mr. Lam holds a Bachelor of Science Degree in University of Western Ontario with a double major in Computer Science and Economic (1976), and a Master of Business Administration in the 3-year MBA Program of The Chinese University of Hong Kong (1983). In 2012, he was conferred on Honorary Fellowship by Canadian Chartered Institute of Business Administration and Honorary Doctor of Laws by Lincoln University.

Hsin-Kang Chang

Aged 73, was appointed as an independent non-executive director of the Company in 2007. He is also an independent non-executive director of Brightoil Petroleum (Holdings) Limited and HKT Trust and HKT Limited, which are both listed on the Main Board of the Stock Exchange. He became an Honorary Professor of Tsinghua University and Wei Lun Senior Visiting Scholar in September 2007 and Yeh-Lu Xun Chair Professor in Social Sciences at Peking University in November 2007. He was the President and University Professor of City University of Hong Kong from 1996 to 2007. Prior to that, he served as Dean of the School of Engineering of the University of Pittsburgh, USA, Founding Dean of the School of Engineering of the Hong Kong University of Science and Technology and the Chairman of Department of Biomedical Engineering of University of Southern California, USA. Professor Chang taught at several major universities in North America and served in a number of science and technology organisations and public advisory bodies in the United States and Hong Kong.

Professor Chang holds a Bachelor's Degree in Civil Engineering from the National Taiwan University, a Master's Degree in Structural Engineering from Stanford University, USA and a Ph.D in Biomedical Engineering from Northwestern University, USA. He is a Foreign Member of the Royal Academy of Engineering of the United Kingdom, an Academician of the International Eurasian Academy of Sciences, a Chevalier dans l'Ordre National de la Légion d'Honneur of France and a Commandeur dans l'Ordre des Palmes Académiques of France. He was appointed a Justice of the Peace in 1999 and was awarded Gold Bauhinia Star in 2002 by the Government of Hong Kong.

SENIOR MANAGEMENT

Jason Chi-Kit Tso

Aged 48, joined the Company in 1998 and is the Executive Director of Hon Kwok Land Investment (China) Limited. He has 25 years of experience in the field of architecture, project management and property development. He is an Authorised Person under the list of architects. He holds a Bachelor's Degree in Architecture from The University of Hong Kong and is a member of the Hong Kong Institute of Architects.

Thomas Hang-Cheong Ma

Aged 47, joined the Company in 1994 and is the Director of Finance and Company Secretary of the Company. He has 24 years of experience in the accounting field. He holds a Bachelor's Degree in Accountancy from the City University of Hong Kong and is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Calvin Ming-Yui Ng

Aged 41, joined the Company in 2009 and is the Director – Corporate Finance of the Company. He has 18 years of experience in investment banking and accounting sectors. He graduated from The University of Hong Kong with a Bachelor of Business Administration degree and obtained a Master of Science (Financial Management) degree from the University of London. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

Chi-Kin Lam

Aged 58, joined the Company in 2003 and is the Assistant General Manager – Asset Management of the Company. He has 28 years of experience in large scale parking facilities and property services management. He is a chartered member of the Chartered Institute of Logistics and Transport.

Stephen Chun-Piu Lee

Aged 46, joined the Company in 1990 and is the Senior Property Manager of the Company in charge of investment properties in Hong Kong. He has 23 years of experience in property investment and development.

CORPORATE GOVERNANCE REPORT

The board of directors of the Company (the "Board") is committed to maintain and ensure high standards of corporate governance and is continuously reviewing and improving the corporate governance practices and standards of the Group to ensure that business activities and decision making processes are regulated in a proper manner.

In the opinion of the Board, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the year under review, except for the deviations as disclosed in this report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct for directors' securities transactions. Having made specific enquiry, all the directors have confirmed that they have complied with the required standard as set out in the Model Code throughout the year.

BOARD OF DIRECTORS

The directors of the Company during the year ended 31 March 2013 were:

Executive Directors

James Sai-Wing Wong *(Chairman)*
Zuric Yuen-Keung Chan
Xiao-Ping Li

Non-Executive Directors

Madeline May-Lung Wong
Herman Man-Hei Fung *(Vice-Chairman)*
Emily Yen Wong *(Alternate director to Madeline May-Lung Wong)*

Independent Non-Executive Directors

Daniel Chi-Wai Tse
Kenneth Kin-Hing Lam
Hsin-Kang Chang

Details of background and qualifications of each director are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 10 to 13 of this annual report.

BOARD OF DIRECTORS *(Continued)*

The Board is responsible for the overall strategic development of the Group. It also monitors the financial performance and the internal controls of the Group's business operations. Executive directors are responsible for running the Group and executing the strategies adopted by the Board. The day-to-day operation of the Group is delegated to the management with department heads responsible for different aspects of the business and functions.

Non-executive directors (including the independent non-executive directors) serve the relevant function of bringing independent judgement on the development, performance and risk management of the Group through their contributions in board meetings.

The Board considers that each independent non-executive director of the Company is independent in character and judgement. The Company has received from each independent non-executive director a written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules.

The Board meets at least twice each year at approximately half a year interval to discuss the Group's business development, operation and financial performance. Notice of at least 14 days is given to all directors for all regular board meetings to give all directors an opportunity to attend. All regular board meetings adhere to a formal agenda in which a schedule of matters is addressed to the Board. All directors have access to board papers and related materials, and are provided with adequate information which enable the Board to make an informed decision on the matters to be discussed and considered at the board meetings. Minutes of board meetings are kept by the Company Secretary and are open for inspection at any reasonable time with advance notice by any director.

To the best knowledge of the directors, there is no financial, business and family relationship among the members of the Board except that (i) James Sai-Wing Wong and Madeline May-Lung Wong are partners in certain investments (including their interests in the Company) and (ii) Emily Yen Wong is the daughter of James Sai-Wing Wong and Madeline May-Lung Wong.

During the year under review, two full board meetings were held. 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, thus only two full board meetings were held for the year ended 31 March 2013.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the chairman and chief executive officer were not performed by separate individuals as stipulated in CG Code provision A.2.1. James Sai-Wing Wong, Chairman of the Company, assumes the role of the Chairman and also the chief executive officer who is responsible for overseeing the function of the Board and formulating overall strategies of and organising the implementation structure for the Company as well as managing the Group's overall business operations. Given the nature of the Group's businesses which require considerable market expertise, the Board believes that the vesting of the two roles for the time being provides the Group with stable and consistent leadership and allows for more effective planning and implementation of long term business strategies. The Board will continuously review the effectiveness of the structure to balance the power and authority of the Board and the management.

NON-EXECUTIVE DIRECTORS

The non-executive directors of the Company are not appointed for a specific term as stipulated in CG Code provision A.4.1, but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the articles of association of the Company (the "Articles of Association"). The Articles of Association do not require the directors to retire by rotation at least once every three years. However, in accordance with article 104 of the Articles of Association, at each annual general meeting of the Company, one-third of the directors for the time being (or, if their number is not three or a multiple of three, then the number nearest one-third), other than the one who holds the office as executive chairman or managing director, shall retire from office by rotation. The Board will ensure the retirement of each director, other than the one who holds the office as executive chairman or managing director, by rotation at least once every three years in order to comply with the CG Code provisions.

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

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

At the forthcoming annual general meeting, in accordance with article 95 of the Articles of Association, Emily Yen Wong, being re-designated to a non-executive director by the Board effective 28 June 2013 shall retire and, being eligible, offer herself for re-election and in accordance with article 104 of the Articles of Association, Zuric Yuen-Keung Chan and Xiao-Ping Li shall retire by rotation and, being eligible, offer themselves for re-election.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

The Company Secretary updates directors on the latest developments and changes to the Listing Rules and the applicable legal and regulatory requirements regarding subjects necessary in the discharge of their duties.

Directors are encouraged to participate in continuing professional development to develop and refresh their knowledge and skills. They are required to submit to the Company annually details of training sessions undertaken by them in each financial year for the Company to maintain a training record for its directors. According to the training records maintained by the Company, the training received by each of the directors during the year ended 31 March 2013 is summarized as follows:

Name of director	Reading materials provided by the Company relating to the listing rules, corporate governance and director's duties and responsibilities	Attending seminars, conferences, forums or exhibitions relevant to the business or director's duties	Reading newspapers, journals or magazines relating to the economy, general business and real estate
Executive Directors			
James Sai-Wing Wong *(Chairman)*	✓	✓	✓
Zuric Yuen-Keung Chan	✓	✓	✓
Xiao-Ping Li	✓	✓	✓
Non-Executive Directors			
Madeline May-Lung Wong	✓		✓
Herman Man-Hei Fung *(Vice-Chairman)*	✓	✓	✓
Emily Yen Wong *(Alternate director to Madeline May-Lung Wong)*	✓	✓	✓
Independent Non-Executive Directors			
Daniel Chi-Wai Tse	✓	✓	✓
Kenneth Kin-Hing Lam	✓	✓	✓
Hsin-Kang Chang	✓	✓	✓

CORPORATE GOVERNANCE FUNCTION

The Board is collectively responsible for performing the corporate governance duties including:

(a) to develop, review and update the Company's policy and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to review the Company's compliance with the CG Code and disclosure in the "Corporate Governance Report"; and

(e) to perform such other corporate governance duties and functions set out in the CG Code (as amended from time to time) for which the Board is responsible.

REMUNERATION OF DIRECTORS

The Remuneration Committee was established in December 2005. The Remuneration Committee currently comprises three members, namely Daniel Chi-Wai Tse, Kenneth Kin-Hing Lam and Herman Man-Hei Fung. The Chairman of the Remuneration Committee is Daniel Chi-Wai Tse.

The Remuneration Committee's function is to review and recommend to the Board on the remuneration packages of the executive directors. CG Code provision B.1.2 stipulates that the terms of reference of the remuneration committee should include, as a minimum, those specific duties as set out in the CG Code provisions. The Company has adopted the revised terms of reference of the Remuneration Committee on 30 March 2012 with certain deviations from the CG Code provisions. Pursuant to the revised terms of reference, the Remuneration Committee should review and make recommendations to the Board on the remuneration packages of directors (as opposed to directors and senior management).

During the year under review, the Remuneration Committee held one meeting, during which the existing remuneration of all directors have been reviewed individually.

AUDIT COMMITTEE

The Audit Committee was established in 2001. The Audit Committee currently comprises three members, namely Kenneth Kin-Hing Lam, Daniel Chi-Wai Tse and Hsin-Kang Chang and they are all independent non-executive directors of the Company. The Chairman of the Audit Committee is Kenneth Kin-Hing Lam. The Board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in business, accounting and financial management in the Audit Committee.

The Audit Committee's functions include:

- to review and monitor financial reporting and the reporting judgement contained in them; and
- to review financial and internal controls, accounting policies and practices with management and external auditors.

The Audit Committee held two meetings during the year under review, which were attended by the external auditors, Ernst & Young.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed with management and the external auditors the financial reporting matters for the year ended 31 March 2013.

ATTENDANCE AT MEETINGS OF THE BOARD, REMUNERATION AND AUDIT COMMITTEES AND GENERAL MEETINGS

	Number of meetings attended during the year ended 31 March 2013				
	Board Meetings	Remuneration Committee Meeting	Audit Committee Meetings	Annual General Meeting held on 23 August 2012	Extraordinary General Meeting held on 9 November 2012
Number of meetings held during the year ended 31 March 2013	2	1	2	1	1
James Sai-Wing Wong	2	N/A	N/A	1	0
Madeline May-Lung Wong	0	N/A	N/A	0	0
Herman Man-Hei Fung	2	1	2	1	1
Zuric Yuen-Keung Chan	2	N/A	2	0	0
Xiao-Ping Li	2	N/A	N/A	0	0
Emily Yen Wong	2	N/A	N/A	0	0
Daniel Chi-Wai Tse	1	1	2	0	0
Kenneth Kin-Hing Lam	2	1	2	0	0
Hsin-Kang Chang	1	N/A	0	1	0

NOMINATION OF DIRECTORS

The Board is responsible for considering the suitability of a candidate to act as a director, and approving and terminating the appointment of a director. During the year under review, the Company has not established a nomination committee. In view of his expertise in property industry, the Chairman is mainly responsible for identifying suitable candidates for members of the Board when there is a vacancy or an additional director is considered necessary. The Chairman will propose the appointment of such candidates to the Board for consideration and the Board will review the qualifications of the relevant candidates for determining the suitability to the Group on the basis of their qualifications, experience and background.

AUDITORS' REMUNERATION

During the year under review, the Group had engaged its external auditors, Ernst & Young, to provide the following services and their respective fees charged are set out as below.

	Fees paid/payable *HK$'000*
Types of services	
Audit services	1,923
Non-audit services (tax compliance services and other services)	965
	2,888

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR THE ACCOUNTS

The directors' responsibilities for the accounts and the responsibilities of the external auditors to the shareholders are set out in the Independent Auditors' Report on pages 37 and 38 of this annual report.

INTERNAL CONTROLS

The Board is responsible for ensuring that the Group maintains sound and effective internal controls to safeguard the assets of the Group and protect the interests of its shareholders.

The Board has conducted a review of the effectiveness of the internal control system of the Group and the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting functions. The review covered relevant financial, operational and compliance controls as well as risk management functions. The Board has concluded that the Group's overall system of internal control has effectively exercised its functions and that the Group's accounting staff are adequate and qualified to manage the accounting and financial reporting functions properly during the year.

COMPANY SECRETARY

Thomas Hang-Cheong Ma has been appointed as the Company Secretary of the Company since 17 May 2010.

During the year ended 31 March 2013, Mr. Ma has received no less than 15 hours of relevant professional training to refresh his knowledge and skills.

CONSTITUTIONAL DOCUMENTS

During the year, there is no significant change in the Company's constitutional documents.

SHAREHOLDERS' RIGHTS

1. Convening of extraordinary general meeting on requisition by shareholders

In accordance with Section 113 of the Hong Kong Companies Ordinance, shareholders holding at the date of the deposit of the requisition not less than one-twentieth of such of the paid-up capital of the Company which as at the date of the deposit carries the right of voting at general meetings of the Company, may require the directors of the Company to convene an extraordinary general meeting. The written requisition must state the objects of the meeting and must be signed by the shareholders concerned and deposited at the registered office of the Company for the attention of the Company Secretary.

If the directors of the Company do not within 21 days from the date of the deposit of the requisition proceed duly to convene an extraordinary general meeting for a day not more than 28 days after the date on which the notice convening the extraordinary general meeting is given, the shareholders concerned, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an extraordinary general meeting, provided that the extraordinary general meeting so convened shall not be held after the expiration of three months from the said date.

2. Procedures for sending enquiries to the Board

Shareholders may send their enquiries and concerns in writing to the Board by addressing them to the Company Secretary at the registered office of the Company and the Company Secretary shall then forward the same to the appropriate executives of the Company or members of the Board for further handling.

3. Procedures for putting forward proposals at general meetings by shareholders

Section 115A of the Hong Kong Companies Ordinance provides that (i) shareholders representing not less than one-fortieth of the total voting rights of all shareholders of the Company or (ii) not less than fifty shareholders holding the shares in the Company on which there has been paid up an average sum of not less than HK$2,000 per shareholder can put forward proposals for consideration at a general meeting of the Company by depositing a requisition in writing signed by the relevant shareholders at the registered office of the Company for the attention of the Company Secretary.

COMMUNICATIONS WITH SHAREHOLDERS

The Board recognises the importance of good communications with all shareholders and is committed to maintaining a policy of open and timely disclosure of relevant information on its attributes to shareholders and other stakeholders through the publication of interim and annual reports, public announcements and other public circulars, all of which are available on the Company's website.

The annual general meeting provides a useful forum for shareholders to exchange views with the Board. Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' prior notice is given. The Chairman of the Board as well as the chairmen of the board committees (or in their absence, other members of the committees) together with the external auditors are available to answer shareholders' questions at the meeting. At the general meeting, each substantially separate issue will be considered by a separate resolution, including the election of individual directors, and the poll procedures will be clearly explained.

The directors herein present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2013.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides management services to its subsidiaries. Its subsidiaries are mainly engaged in property development, property investment and property related activities. There have been no changes in the nature of the Group's principal activities during the year. Further details of the Company's principal subsidiaries are set out in note 16 to the financial statements.

FINANCIAL RESULTS

The Group's profit for the year ended 31 March 2013 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 39 to 123.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

The total interest-bearing debts of the Group amounted to approximately HK$3,569 million as at 31 March 2013 (2012: HK$2,798 million), of which approximately 37% (2012: 29%) of the debts were classified as current liabilities. Included therein were debts of HK$184 million (2012: HK$195 million) related to bank loans with repayable on demand clause and HK$832 million related to project loans which will be refinanced during the forthcoming financial year. Based on the repayment schedules pursuant to the related loan agreements and assuming that the aforesaid refinancing will be completed on schedule, the current portion of the total interest-bearing debts was approximately 8%. The increase in total debts was mainly due to the refinancing of a syndicated bank loan and certain investment properties with increased facilities and the drawdown of construction bank loans for mainland development projects.

Total cash and bank balances including time deposits were approximately HK$535 million as at 31 March 2013 (2012: HK$949 million). The Group had committed but undrawn banking facilities of a total of approximately HK$939 million at year end available for its working capital purpose.

Total shareholders' funds as at 31 March 2013 were approximately HK$4,922 million (2012 (restated): HK$4,472 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$3,034 million (2012: HK$1,849 million) over the shareholders' funds plus non-controlling interests totalling of approximately HK$5,175 million (2012 (restated): HK$4,720 million), was 59% as at 31 March 2013 (2012 (restated): 39%).

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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 bank loans. Repayments of bank loans are scheduled to match asset lives and project completion dates. Bank loans are mainly denominated in Hong Kong dollars, Renminbi and United States dollars and bear interest at floating rates.

Foreign currency exposure is monitored closely by management and hedged to the extent desirable. As at 31 March 2013, the Group had no material exposure under foreign exchange contracts or any other hedging instruments.

Pledge of assets

Properties and bank balances with an aggregate carrying value of approximately HK$6,754 million as at 31 March 2013 were pledged to secure certain banking facilities of the Group.

Contingent liabilities

Particulars of the contingent liabilities of the Group are set out in note 30 to the financial statements.

Employees and remuneration policies

The Group, not including its jointly-controlled entities and an associate, employed approximately 370 employees as at 31 March 2013. 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.

DIVIDEND

The Directors recommend the payment of a final dividend of 12.5 Hong Kong cents per ordinary share for the year ended 31 March 2013 (2012: 12.5 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 6 September 2013. 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 4 October 2013.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 29 August 2013. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 26 August 2013 to 29 August 2013 (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 23 August 2013.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 31 March 2013 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 5 September 2013 and 6 September 2013, 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 2 September 2013. 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 4 September 2013.

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements, is set out on page 124. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year are set out in note 14 to the financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group during the year are set out in note 15 to the financial statements.

PARTICULARS OF PROPERTIES

Particulars of the major properties held by the Group are set out on pages 125 to 128, which do not form part of the audited financial statements.

SHARE CAPITAL AND CONVERTIBLE BONDS

There were no movements in either the Company's authorised or issued share capital during the year. Details of movements in the convertible bonds issued by a subsidiary of the Company in the prior year are set out in note 25 to the financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 28(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2013, the Company's reserves available for distribution, calculated in accordance with the provisions of Section 79B of the Hong Kong Companies Ordinance, amounted to HK$670,817,000, of which HK$60,036,000 has been proposed as a final dividend for the year. In addition, the Company's share premium account, in the amount of HK$396,352,000, may be distributed in the form of fully paid bonus shares.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

James Sai-Wing Wong
Madeline May-Lung Wong
Herman Man-Hei Fung
Zuric Yuen-Keung Chan
Xiao-Ping Li
Emily Yen Wong (alternate director to Madeline May-Lung Wong)
Daniel Chi-Wai Tse*
Kenneth Kin-Hing Lam*
Hsin-Kang Chang*

* *Independent non-executive directors*

In accordance with article 95 of the Articles of Association, Emily Yen Wong will retire at the forthcoming annual general meeting and, being eligible, will offer herself for re-election.

In accordance with article 104 of the Articles of Association, Zuric Yuen-Keung Chan and Xiao-Ping Li will retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

The Company has received from each of its independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and still considers them as independent.

DETAILS OF RETIRING DIRECTORS TO BE RE-ELECTED

(a) Emily Yen Wong

Aged 47, has been re-designated from an alternate director to Madam Madeline May-Lung Wong (non-executive director) to a non-executive director of the Company with effect from 28 June 2013. Dr. Emily Wong was not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting.

Dr. Emily Wong holds a Doctor of Medicine degree and an Executive Masters of Health Administration degree from University of Washington and is a diplomate of the American Board of Internal Medicine. Dr. Emily Wong serves on the Executive Committee of Qiu Shi Science & Technologies Foundation. She is currently an Honorary Associate Professor of Department of Family Medicine and Primary Care in The University of Hong Kong Faculty of Medicine and is the Immediate Past Chief of Staff at the University of Washington Medical Center.

DETAILS OF RETIRING DIRECTORS TO BE RE-ELECTED *(Continued)*

(a) Emily Yen Wong *(Continued)*

Dr. Emily Wong is a director of Lucky Year and Chinney Holdings, both of which are substantial shareholders of the Company and deemed to be interested in the same parcel of 267,864,553 shares of the Company (representing 55.77% interests in the issued capital of the Company). She is the daughter of Dr. James Sai-Wing Wong, Chairman and substantial shareholder of the Company, and Madam Madeline May-Lung Wong, non-executive director and substantial shareholder of the Company.

At the date of this report, Dr. Emily Wong did not have any interests in the shares of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"). Dr. Emily Wong did not hold any directorship in other listed companies in the past three years. Save as disclosed above, Dr. Emily Wong does not have any other business relationship with any directors, senior management, substantial or controlling shareholders of the Company.

No service contract has been signed between the Company and Dr. Emily Wong and she is entitled to a director's fee of HK$75,000 per annum which is based on the Company's remuneration policy adopted for non-executive directors of the Company.

Save as disclosed above, there is no other information relating to Dr. Emily Wong which is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules and there is no other matter that needs to be brought to the attention of the shareholders of the Company.

(b) Zuric Yuen-Keung Chan

Aged 58, was appointed as a director of the Company in December 2003 and re-designated as an Executive Director of the Company in January 2007. Mr. Chan was not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting.

Mr. Chan is also the Vice-Chairman and Managing Director of Chinney Alliance, which is listed on the Main Board of the Stock Exchange. He has 39 years of experience in the construction industry. He is a member of the Chartered Institute of Building.

At the date of this report, Mr. Chan did not have any interests in the shares of the Company within the meaning of Part XV of the SFO. He also acts as director of various subsidiaries and associates of the Company and Chinney Investments, the controlling shareholder of the Company. Save as disclosed above, Mr. Chan does not have any other business relationship with any directors, senior management or substantial or controlling shareholders of the Company.

DETAILS OF RETIRING DIRECTORS TO BE RE-ELECTED *(Continued)*

(b) Zuric Yuen-Keung Chan *(Continued)*

No service contract has been signed between the Company and Mr. Chan. However, Mr. Chan has an employment contract with the Company. He is currently entitled to an annual salary of HK$2,990,000 plus discretionary bonus to be determined by the Board.

Save as disclosed above, there is no other information relating to Mr. Chan which is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules and there is no other matter that need to be brought to the attention of the shareholders of the Company.

(c) Xiao-Ping Li

Aged 61, was appointed as an Executive Director of the Company in December 2009. Mr. Li was not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting.

Mr. Li has over 34 years of experience in economics and management in the People's Republic of China ("PRC"). He has obtained a senior economist qualification certificate of PRC. He is a member of the Plant Maintenance Association of Chinese Mechanical Engineering Society. Mr. Li did not hold any directorship in other listed companies in the last three years.

At the date of this report, Mr. Li did not have any interests in the shares of the Company within the meaning of Part XV of the SFO. He also acts as director of certain subsidiaries of the Group. Save as disclosed above, Mr. Li does not have any other business relationship with any directors, senior management or substantial or controlling shareholders of the Company.

No service contract has been signed between the Company and Mr. Li. However, Mr. Li has an employment contract with the Company. He is currently entitled to an annual salary of HK$2,243,000 plus discretionary bonus to be determined by the Board.

Save as disclosed above, there is no other information relating to Mr. Li which is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules and there is no other matter that need to be brought to the attention of the shareholders of the Company.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 10 to 13 of this report.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment other than statutory compensation.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2013, the interests and short positions of the directors of the Company in the share, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(a) Directors' interests in the ordinary shares of the Company

Name of director	*Notes*	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
James Sai-Wing Wong	*1 & 2*	Through controlled corporations	268,102,553	55.82
Madeline May-Lung Wong	*1 & 2*	Through controlled corporation	267,864,553	55.77
Herman Man-Hei Fung	*1*	Beneficially owned	220,000	0.05

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

(b) Directors' interests in the ordinary shares of associated corporations

Name of director	*Notes*	Name of associated corporation	Capacity and nature of interest	Number of ordinary shares/ amount of paid-up registered capital held	Percentage of the associated corporation's issued share capital/paid-up registered capital
James Sai-Wing Wong	*1 & 3*	Chinney Investments	Through controlled corporation	320,759,324	58.18
	1 & 4	Chinney Holdings	Through controlled corporation	9,900,000	99.00
	1	Chinney Holdings	Beneficially owned	100,000	1.00
	1	Lucky Year	Beneficially owned	10,000	50.00
	1 & 5	Guangzhou Honkwok Fuqiang Land Development Ltd.	Through controlled corporations	RMB185,000,000	100.00
	1 & 6	Chinney Trading	Through controlled corporations	10,400	80.00
Madeline May-Lung Wong	*1 & 3*	Chinney Investments	Through controlled corporation	320,759,324	58.18
	1 & 4	Chinney Holdings	Through controlled corporation	9,900,000	99.00
	1	Lucky Year	Beneficially owned	10,000	50.00

Notes:

1. *All the interests stated above represent long positions.*

2. *Out of the 268,102,553 shares, 267,864,553 shares are beneficially held by Chinney Investments, which is a subsidiary of Chinney Holdings. More than one-third of the equity capital of Chinney Holdings is owned by Lucky Year of which James Sai-Wing Wong and Madeline May-Lung Wong are also directors and have beneficial interests therein and the remaining 238,000 shares are held by Chinney Capital Limited of which James Sai-Wing Wong is a director and has beneficial interests therein.*

3. *These shares are beneficially held by Chinney Holdings. By virtue of note 2, James Sai-Wing Wong and Madeline May-Lung Wong are deemed to be interested in these shares.*

4. *These shares are beneficially held by Lucky Year. By virtue of note 2, James Sai-Wing Wong and Madeline May-Lung Wong are deemed to be interested in these shares.*

5. *Out of the RMB185,000,000 paid-up registered capital, RMB111,000,000 is held by a wholly-owned subsidiary of the Company and RMB74,000,000 is held by a company controlled by James Sai-Wing Wong. By virtue of note 2, James Sai-Wing Wong is deemed to be interested in this company.*

6. *Out of the 10,400 shares, 2,600 shares are held by a wholly-owned subsidiary of the Company and the remaining 7,800 shares are held by a company controlled by James Sai-Wing Wong. By virtue of note 2, James Sai-Wing Wong is deemed to be interested in this company.*

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

Save as disclosed herein, as at 31 March 2013, none of the directors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be recorded in the register kept by the Company under Section 352 of the SFO, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS

Except as disclosed in note 34 to the financial statements, none of the directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party during the year.

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to directors' duties, responsibilities and performance and the results of the Group.

The remuneration of the directors of the Company is reviewed by the Remuneration Committee having regard to the Company's operating results, individual performance of the directors and comparable market statistics.

MANAGEMENT CONTRACTS

The Company has entered into a management contract with Chinney Investments for the provision of general corporate management services. The contract is for an unspecified duration and may be terminated by either party by giving the other party two-month written notice.

During the year, the Company paid a management fee of HK$9,000,000 to Chinney Investments (2012: HK$9,000,000). James Sai-Wing Wong, Madeline May-Lung Wong and Herman Man-Hei Fung, directors of the Company, are also the directors of Chinney Investments.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2013, so far as is known to the directors of the Company, the following substantial shareholders and other persons (other than the directors of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name	*Notes*	**Capacity and nature of interest**	**Number of ordinary shares held**	**Percentage of the Company's issued share capital**
Chinney Investments	*1 & 2*	Directly beneficially owned	267,864,553	55.77
Chinney Holdings	*1 & 2*	Through controlled corporation	267,864,553	55.77
Lucky Year	*1 & 2*	Through controlled corporation	267,864,553	55.77

Notes:

1. *All the interests stated above represent long positions.*

2. *Chinney Investments, Chinney Holdings and Lucky Year are deemed to be interested in the same parcel of shares by virtue of Section 316 of the SFO.*

Save as disclosed herein, as at 31 March 2013, none of the substantial shareholders or other persons (other than the directors of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, (i) James Sai-Wing Wong, Chairman of the Company, has deemed interests and holds directorships in companies engaged in the businesses of property investment; and (ii) Madeline May-Lung Wong is a director of HKR International Limited, whose group's businesses consist of property development and property investment. In this respect, James Sai-Wing Wong and Madeline May-Lung Wong are regarded as being interested in businesses which might compete with the Group.

As the Board is independent from the board of those entities and maintains three independent non-executive directors, the Group is therefore capable of carrying on its businesses independently of, and at arm's length with, the businesses of those entities.

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 2013.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

(a) In March 2010, Hon Kwok Treasury Limited, a wholly-owned subsidiary of the Company, as borrower, entered into a facility agreement (the "HK$400 million Facility Agreement") relating to a HK$400 million transferable term and revolving loan facilities (the "HK$400 million Loan Facilities") with a syndicate of banks. The HK$400 million Loan Facilities had a term of 36 months commencing from the date of the HK$400 million Facility Agreement and to be used as general working capital of the Group.

Pursuant to the HK$400 million Facility Agreement, it shall be an event of default if (i) Chinney Investments ceases to be the single largest shareholder of the Company or ceases to hold (whether directly or indirectly) not less than 30% of the effective shareholding in the Company; or (ii) James Sai-Wing Wong, Chairman of both the Company and Chinney Investments, ceases to be the major beneficial ultimate shareholder of Chinney Investments.

If an event of default under the HK$400 million Facility Agreement occurs, the agent acting for the lending banks may, and shall if so requested by a majority of the lending banks, terminate the HK$400 million Loan Facilities and/or declare all outstanding amounts together with all interest accrued under the HK$400 million Loan Facilities to be immediately due and payable.

During the year, the outstanding amount of the above loan facilities was being refinanced by a new syndicated loan as detailed in (b) below.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES *(Continued)*

(b) In June 2012, Hon Kwok Treasury Limited, a wholly-owned subsidiary of the Company, as borrower, entered into a facility agreement (the "HK$600 million Facility Agreement") relating to a HK$600 million transferable term and revolving loan facilities (the "HK$600 million Loan Facilities") with a syndicate of banks. The HK$600 million Loan Facilities have a term of 36 months commencing from the date of the HK$600 million Facility Agreement and to be used to refinance the HK$400 million Loan Facilities with outstanding balance of HK$272 million and as general working capital of the Group.

Pursuant to the HK$600 million Facility Agreement, it shall be an event of default if (i) Chinney Investments ceases to be the single largest shareholder of the Company or ceases to hold (whether directly or indirectly) not less than 30% of the effective shareholding in the Company; or (ii) James Sai-Wing Wong, Chairman of both the Company and Chinney Investments, ceases to be the major beneficial ultimate shareholder of Chinney Investments.

If an event of default under the HK$600 million Facility Agreement occurs, the agent acting for the lending banks may, and shall if so requested by a majority of the lending banks, terminate the HK$600 million Loan Facilities and/or declare all outstanding amounts together with all interest accrued under the HK$600 million Loan Facilities to be immediately due and payable.

CONNECTED TRANSACTIONS

(a) On 18 September 2012, the Group entered into an agreement to subscribe for a 20% interest in Chinney Trading Company Limited ("Chinney Trading") at a cash consideration of HK$368,537,000. Chinney Trading, via its wholly-owned subsidiary, holds a development site situated at 中國深圳市南山區僑香路北側 (Qiaoxiang Road North, Nanshan District, Shenzhen, PRC). For details, please refer to the Company's circular dated 25 October 2012. The above subscription constituted a major and connected transaction for the Company and had been approved by the Company's independent shareholders at an extraordinary general meeting held on 9 November 2012. The above transaction was completed in February 2013. Further details of the transaction were disclosed in note 18 to the financial statements.

(b) On 31 December 2012, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement for the acquisition of a villa located in Longgang District, Shenzhen, PRC from a wholly-owned subsidiary of Chinney Alliance for a cash consideration of HK$9,383,000. The above acquisition constituted a connected transaction for the Company and was subject to the reporting and announcement requirements but was exempt from independent shareholders' approval. For details, please refer to the Company's announcement dated 31 December 2012. On 31 January 2013, the balance of the consideration was settled by the Group. Further details of the transaction were disclosed in note 34(a)(ii) to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, purchases from the Group's five largest suppliers accounted for 68% of the total purchases for the year. Purchases from the Group's largest supplier included therein totalled 34%. Sales to the Group's five largest customers accounted for less than 30% of the total sales for the year.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and suppliers.

AUDITORS

Ernst & Young retire and a resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board
Herman Man-Hei Fung
Vice-Chairman

Hong Kong, 27 June 2013

ERNST & YOUNG
安 永

To the shareholders of Hon Kwok Land Investment Company, Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Hon Kwok Land Investment Company, Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 39 to 123, which comprise the consolidated and company statements of financial position as at 31 March 2013, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

27 June 2013

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000 (Restated)
REVENUE	5	**238,370**	899,422
Cost of sales		**(96,196)**	(587,277)
Gross profit		**142,174**	312,145
Other income and gains	5	**10,623**	11,319
Fair value gains on investment properties, net		**412,424**	177,734
Gain on disposal of investment properties, net		**2,269**	–
Administrative expenses		**(74,139)**	(63,162)
Other operating expenses, net		**(10,756)**	(19,115)
Finance costs	6	**(56,692)**	(48,412)
Share of profits and losses of jointly-controlled entities and an associate		**–**	1,824
PROFIT BEFORE TAX	7	**425,903**	372,333
Income tax expense	10	**(24,641)**	(92,783)
PROFIT FOR THE YEAR		**401,262**	279,550
Attributable to:			
Owners of the Company	11	**401,863**	216,555
Non-controlling interests		**(601)**	62,995
		401,262	279,550
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	13		
Basic		**83.7 HK cents**	45.1 HK cents
Diluted		**83.7 HK cents**	44.6 HK cents

Details of the proposed final dividend for the year are disclosed in note 12 to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2013

	Note	2013 HK$'000	2012 HK$'000 (Restated)
PROFIT FOR THE YEAR		**401,262**	279,550
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations		**113,905**	123,844
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**113,905**	123,844
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**515,167**	403,394
Attributable to:			
Owners of the Company	*11*	**509,954**	333,956
Non-controlling interests		**5,213**	69,438
		515,167	403,394

	Notes	Group 31 March 2013 HK$'000	Group 31 March 2012 HK$'000 (Restated)	Group 1 April 2011 HK$'000 (Restated)	Company 31 March 2013 HK$'000	Company 31 March 2012 HK$'000
NON-CURRENT ASSETS						
Property, plant and equipment	14	**46,412**	51,371	50,386	**148**	152
Investment properties	15	**6,098,139**	5,226,846	4,776,851	**–**	–
Investments in subsidiaries	16	**–**	–	–	**1**	1
Investments in jointly-controlled entities	17	**199**	199	257	**–**	–
Investment in an associate	18	**369,979**	–	–	**–**	–
Amounts due from subsidiaries	16	**–**	–	–	**787,475**	402,385
Total non-current assets		**6,514,729**	5,278,416	4,827,494	**787,624**	402,538
CURRENT ASSETS						
Amounts due from subsidiaries	16	**–**	–	–	**1,855,112**	1,927,187
Amounts due from jointly-controlled entities	17	**–**	–	31	**–**	–
Tax recoverable		**1,194**	387	32,198	**–**	–
Properties held for sale under development and completed properties held for sale	19	**2,186,302**	1,775,360	1,794,748	**–**	–
Trade receivables	20	**1,098**	3,076	2,389	**–**	–
Prepayments, deposits and other receivables	21	**60,144**	41,760	74,123	**2,483**	1,520
Pledged deposits	22	**120,803**	120,371	96,974	**–**	–
Cash and cash equivalents	22	**414,595**	828,734	992,403	**7,687**	21,461
Total current assets		**2,784,136**	2,769,688	2,992,866	**1,865,282**	1,950,168
CURRENT LIABILITIES						
Amounts due to subsidiaries	16	**–**	–	–	**960,635**	735,514
Trade payables and accrued liabilities	23	**92,636**	145,375	94,160	**6,159**	5,652
Interest-bearing bank borrowings	24	**1,304,316**	817,265	730,802	**138,000**	88,000
Customer deposits		**91,445**	23,612	670,433	**–**	–
Convertible bonds	25	**–**	–	108,355	**–**	–
Tax payable		**67,612**	79,485	59,676	**–**	–
Total current liabilities		**1,556,009**	1,065,737	1,663,426	**1,104,794**	829,166
NET CURRENT ASSETS		**1,228,127**	1,703,951	1,329,440	**760,488**	1,121,002
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,742,856**	6,982,367	6,156,934	**1,548,112**	1,523,540

STATEMENTS OF FINANCIAL POSITION *(Continued)*

31 March 2013

		Group			Company	
		31 March	31 March	1 April	**31 March**	31 March
		2013	2012	2011	**2013**	2012
	Notes	***HK$'000***	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*
			(Restated)	*(Restated)*		
NON-CURRENT LIABILITIES						
Interest-bearing bank borrowings	*24*	**2,264,333**	1,980,897	1,541,687	**–**	–
Deferred tax liabilities	*26*	**303,211**	281,289	237,878	**–**	–
Total non-current liabilities		**2,567,544**	2,262,186	1,779,565	**–**	–
Net assets		**5,175,312**	4,720,181	4,377,369	**1,548,112**	1,523,540
EQUITY						
Equity attributable to owners of the Company						
Issued capital	*27*	**480,286**	480,286	480,286	**480,286**	480,286
Equity component of convertible bonds	*25*	**–**	–	7,802	**–**	–
Reserves	*28*	**4,381,711**	3,931,793	3,650,071	**1,007,790**	983,218
Proposed final dividend	*12*	**60,036**	60,036	60,036	**60,036**	60,036
		4,922,033	4,472,115	4,198,195	**1,548,112**	1,523,540
Non-controlling interests		**253,279**	248,066	179,174	**–**	–
Total equity		**5,175,312**	4,720,181	4,377,369	**1,548,112**	1,523,540

James Sai-Wing Wong
Director

Herman Man-Hei Fung
Director

		Attributable to owners of the Company									
		Issued capital	Share premium account	Capital redemption reserve	Equity component of convertible bonds	Exchange fluctuation reserve	Retained profits	Proposed final dividend	Total	Non-controlling interests	Total equity
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2011											
As previously reported		480,286	396,352	10	7,802	434,954	2,616,026	60,036	3,995,466	179,174	4,174,640
Prior year adjustments	2.2	–	–	–	–	9,139	193,590	–	202,729	–	202,729
As restated		480,286	396,352	10	7,802	444,093	2,809,616	60,036	4,198,195	179,174	4,377,369
Profit for the year (as restated)		–	–	–	–	–	216,555	–	216,555	62,995	279,550
Other comprehensive income for the year:											
Exchange differences on translation of foreign operations		–	–	–	–	117,401	–	–	117,401	6,443	123,844
Total comprehensive income for the year		–	–	–	–	117,401	216,555	–	333,956	69,438	403,394
Redemption of convertible bonds		–	–	–	(7,802)	–	7,802	–	–	–	–
Dividends paid to non-controlling shareholders		–	–	–	–	–	–	–	–	(546)	(546)
Final 2011 dividend declared		–	–	–	–	–	–	(60,036)	(60,036)	–	(60,036)
Proposed final 2012 dividend	12	–	–	–	–	–	(60,036)	60,036	–	–	–
At 31 March 2012		480,286	396,352	10	–	561,494	2,973,937	60,036	4,472,115	248,066	4,720,181
At 31 March 2012											
As previously reported		480,286	396,352	10	–	550,780	2,770,279	60,036	4,257,743	248,066	4,505,809
Prior year adjustments	2.2	–	–	–	–	10,714	203,658	–	214,372	–	214,372
As restated		480,286	396,352*	10*	–	561,494*	2,973,937*	60,036	4,472,115	248,066	4,720,181
Profit for the year		–	–	–	–	–	401,863	–	401,863	(601)	401,262
Other comprehensive income for the year:											
Exchange differences on translation of foreign operations		–	–	–	–	108,091	–	–	108,091	5,814	113,905
Total comprehensive income for the year		–	–	–	–	108,091	401,863	–	509,954	5,213	515,167
Final 2012 dividend declared		–	–	–	–	–	–	(60,036)	(60,036)	–	(60,036)
Proposed final 2013 dividend	12	–	–	–	–	–	(60,036)	60,036	–	–	–
At 31 March 2013		**480,286**	**396,352***	**10***	**–**	**669,585***	**3,315,764***	**60,036**	**4,922,033**	**253,279**	**5,175,312**

* *These reserve accounts comprise the consolidated reserves of HK$4,381,711,000 (2012 (restated): HK$3,931,793,000) in the consolidated statement of financial position.*

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**425,903**	372,333
Adjustments for:			
Finance costs	6	**56,692**	48,412
Share of profits and losses of jointly-controlled entities and an associate		**–**	(1,824)
Interest income	5	**(6,882)**	(7,065)
Depreciation	7	**8,336**	7,963
Gain on disposal of investment properties	7	**(2,269)**	–
Loss/(gain) on disposal of items of property, plant and equipment	7	**6**	(272)
Fair value gains on investment properties, net	7	**(412,424)**	(177,734)
		69,362	241,813
Decrease/(increase) in properties held for sale under development and completed properties held for sale		**(331,444)**	149,239
Decrease/(increase) in trade receivables		**1,978**	(687)
Decrease/(increase) in prepayments, deposits and other receivables		**(18,012)**	31,334
Decrease in trade payables and accrued liabilities		**(74,909)**	(42,124)
Increase/(decrease) in customer deposits		**67,444**	(646,821)
Cash used in operations		**(285,581)**	(267,246)
Overseas taxes paid		**(24,434)**	(10,421)
Net cash flows used in operating activities		**(310,015)**	(277,667)

	Notes	2013 HK$'000	2012 HK$'000
Net cash flows used in operating activities		**(310,015)**	(277,667)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**6,882**	7,065
Purchases of items of property, plant and equipment	14	**(3,069)**	(7,617)
Proceeds from disposal of items of property, plant and equipment		**887**	680
Proceeds from disposal of investment properties		**14,481**	13,722
Additions to investment properties		**(371,921)**	(177,490)
Increase in pledged deposits		**(2,402)**	(25,821)
Increase in non-pledged time deposits with original maturity of more than three months when acquired		**(72,000)**	–
Dividends received from jointly-controlled entities		**–**	1,882
Decrease in amounts due from jointly-controlled entities		**–**	31
Acquisition of an associate		**(369,979)**	–
Net cash flows used in investing activities		**(797,121)**	(187,548)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(99,199)**	(73,766)
New bank loans		**976,930**	654,980
Repayment of bank loans		**(215,620)**	(143,977)
Redemption of convertible bonds		**–**	(109,602)
Dividend paid		**(60,036)**	(60,036)
Dividends paid to non-controlling shareholders		**–**	(546)
Net cash flows from financing activities		**602,075**	267,053
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(505,061)**	(198,162)
Cash and cash equivalents at beginning of year		**828,734**	992,403
Effect of foreign exchange rates changes, net		**18,922**	34,493
CASH AND CASH EQUIVALENTS AT END OF YEAR		**342,595**	828,734
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	22	**292,595**	609,173
Non-pledged time deposits	22	**122,000**	219,561
Cash and cash equivalents as stated in the consolidated statement of financial position		**414,595**	828,734
Non-pledged time deposits with original maturity of more than three months when acquired		**(72,000)**	–
Cash and cash equivalents at end of year		**342,595**	828,734

1. CORPORATE INFORMATION

Hon Kwok Land Investment Company, Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 23rd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong.

During the year, the Group was involved mainly in property development, property investment and property related activities.

The immediate holding company of the Group is Chinney Investments, Limited ("Chinney Investments"), a company incorporated and listed in Hong Kong.

In the opinion of the directors, the ultimate holding company of the Company is Lucky Year Finance Limited ("Lucky Year"), a company incorporated in the British Virgin Islands (the "BVI").

2.1 BASIS OF PREPARATION

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 ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain investment properties, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

Other than as further explained below regarding the impact of HKAS 12, the adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

The HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis. Prior to the adoption of the amendments, deferred tax with respect to the Group's investment properties was provided on the basis that the carrying amount will be recovered through use, and accordingly the profits tax rate had been applied to the calculation of deferred tax arising on the revaluation of the Group's investment properties. Upon the adoption of HKAS 12 Amendments, the Group has remeasured the deferred tax relating to certain investment properties on the presumption that the carrying amount will be recovered through sale. The effects of the above change are summarised below:

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES *(Continued)*

	2013	2012
	HK$'000	*HK$'000*
Consolidated income statement and consolidated statement of comprehensive income for the year ended 31 March		
Decrease in income tax expense	**57,437**	10,068
Increase in profit for the year	**57,437**	10,068
Increase in other comprehensive income	**1,116**	1,575
Increase in basic earnings per share (HK cents)	**11.96**	2.10
Increase in diluted earnings per share (HK cents)	**11.96**	2.08
Consolidated statement of financial position at 31 March		
Decrease in deferred tax liabilities and total non-current liabilities	**272,925**	214,372
Increase in net assets and reserves	**272,925**	214,372

	2011
	HK$'000
Consolidated statement of financial position at 1 April	
Decrease in deferred tax liabilities and total non-current liabilities	202,729
Increase in net assets and reserves	202,729

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[2]
HKFRS 9	*Financial Instruments*[4]
HKFRS 10	*Consolidated Financial Statements*[2]
HKFRS 11	*Joint Arrangements*[2]
HKFRS 12	*Disclosure of Interests in Other Entities*[2]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[3]
HKFRS 13	*Fair Value Measurement*[2]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[1]
HKAS 19 (2011)	*Employee Benefits*[2]
HKAS 27 (2011)	*Separate Financial Statements*[2]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[3]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

The HKFRS 7 Amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral arrangements). The disclosure would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with HKAS 32. The Group expects to adopt the amendments from 1 April 2013.

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 April 2015. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

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

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation.

HKFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

In July 2012, the HKICPA issued amendments to HKFRS 10, HKFRS 11 and HKFRS 12 which clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before HKFRS 12 is first applied.

The amendments to HKFRS 10 issued in December 2012 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

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

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. The Group expects to adopt HKFRS 13 prospectively from 1 April 2013.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

The HKAS 1 Amendments change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments will affect presentation only and have no impact on the financial position or performance. The Group expects to adopt the amendments from 1 April 2013.

HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. The Group expects to adopt HKAS 19 (2011) from 1 April 2013.

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to setoff" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 April 2014.

The *Annual Improvements to HKFRSs 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 April 2013. 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 are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant impact on the Group's policies are as follows:

(a) HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

    In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

(b) HKAS 32 *Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity in which the Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors; or over which the Company has a contractual right to exercise a dominant influence with respect to that entity's financial and operating policies.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits or losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as:

(a) a subsidiary, if the Group, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors; or over which the Company has a contractual right to exercise a dominant influence with respect to the joint venture's financial and operating policies;

(b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Joint ventures *(Continued)*

(c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with HKAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

Jointly-controlled entities

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's investments in jointly-controlled entities are stated in the consolidated statement of financial position at the Group's share of net asset under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its jointly-controlled entities are eliminated to the extent of the Group's investments in the jointly-controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred.

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's investment in an associate is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and reserves of the associate is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's investment in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associate is included as part of the Group's investment in an associate and is not individually tested for impairment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed in these circumstances is measured based on the relative value of the disposed operation and the portion of the cash-generating unit retained.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets, investment properties, investment properties under construction, properties held for sale under development and completed properties held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation *(Continued)*

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land and buildings	5% or over the unexpired terms of the leases
Leasehold improvements	20%
Furniture and equipment	20%
Motor vehicles	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Properties under construction or development for future use as investment properties are classified as investment properties under construction. If the fair value cannot be reliably determined, the investment properties under construction will be measured at cost until such time as fair value can be determined or construction is completed. The Group has concluded that the fair value of its investment properties under construction cannot be measured reliably at the end of the reporting period, therefore, the Group's investment properties under construction continue to be measured at cost.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties *(Continued)*

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

Properties held for sale under development and completed properties held for sale

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and buildings costs attributable to unsold properties. Net realisable value is estimated by the directors based on the prevailing market prices, on an individual property basis.

Properties held for sale under development

Properties held for sale under development are intended to be held for sale after completion. Properties held for sale under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

On completion of construction, the properties are transferred to completed properties held for sale. Properties held for sale under development are classified as current assets.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the income statement. The loss arising from impairment is recognised in the income statement in finance costs for loans and in other operating expenses for receivables.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial assets *(Continued)*

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Financial assets carried at amortised cost (Continued)

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the income statement.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and an associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, joint ventures and an associate, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) income from the sale of properties, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the properties sold;

(b) rental income, on a time proportion basis over the lease terms;

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

(c) property management income, on an accrual basis, in the period in which services are rendered; and

(d) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Employee benefits

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of the reporting period is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of the reporting period for the expected future cost of such paid leave earned during the year by the employees and carried forward.

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in independently administered funds. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group’s employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group’s subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate of 3.98% (2012: 3.02%) has been applied to the expenditure on the individual assets.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on retranslation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

The functional currencies of certain overseas subsidiaries and jointly-controlled entities are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and properties held for sale

The Group determines whether a property qualifies as an investment property or a property held for sale, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both.

Properties held for sale are properties held by the Group with intention for sale in the Group's ordinary course of business.

Judgement is made on an individual property basis to determine whether leased out properties are classified as properties held for sale or investment properties.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Judgements *(Continued)*

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Investment properties under development

Property under construction or development for future use as an investment property is classified as investment property under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed, whichever is earlier. The directors have concluded that the fair value of its investment properties under construction cannot be measured reasonably and, therefore, the investment properties under construction continue to be measured at cost until construction is substantially completed and the remaining construction cost can be accurately estimated.

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolio and concluded that the Group's investment properties located in the PRC were held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties located in the PRC, the directors of the Company have determined that the presumption that the carrying values of investment properties measured using the fair value model are recovered entirely through sale is rebutted. The Group's investment properties located in Hong Kong were held under a business model whose objective is not to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in measuring the Group's deferred taxation on investment properties located in Hong Kong, the directors of the Company have determined that the presumption that the carrying values of investment properties measured using the fair value model are recovered entirely through sale is not rebutted.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Estimation of net realisable value of properties held for sale under development and completed properties held for sale

The Group considers information from a variety of sources, including recent prices of similar properties in the same location and condition, with adjustments to reflect any changes in economic conditions since the dates of transactions that occurred at those prices. Particulars of the properties held for sale under development and completed properties held for sale of the Group are set out in note 19 to the financial statements.

Estimation of total budgeted costs and costs to completion for properties held for sale under development

Total budgeted costs for properties held for sale under development comprise (i) prepaid land lease payments; (ii) building costs; and (iii) any other direct costs attributable to the development of the properties. In estimating the total budgeted costs for properties held for sale under development, management makes reference to information such as (i) current offers from contractors and suppliers; (ii) recent offers agreed with contractors and suppliers; and (iii) professional estimation on construction and material costs.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location (or subject to different leases or other contracts), adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

The principal assumptions for the Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs. Particulars of the investment properties held by the Group are set out in note 15 to the financial statements.

Current income taxes and deferred income taxes

The Group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the amount of the provision for tax and the timing of payment of the related taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provisions in the periods in which such determination is made.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 26 to the financial statements.

Land appreciation tax

Under the Provisional Regulations on land appreciation tax ("LAT'') implemented upon the issuance of the Provisional Regulations of the PRC on 27 January 1995, all gains arising from the transfer of real estate properties in Mainland China with effect from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

The subsidiaries of the Group engaging in the property development business in Mainland China are subject to LAT, which has been included in income tax. However, the implementation of LAT varies amongst various Mainland China cities and the Group has not finalised certain of its LAT returns with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and provisions of LAT in the period in which such determination is made.

4. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

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

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

4. OPERATING SEGMENT INFORMATION *(Continued)*

	Property development		Property investment		Others		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
								(Restated)
Segment revenue:								
Sales to external customers	**43,415**	735,687	**155,765**	125,158	**39,190**	38,577	**238,370**	899,422
Segment results	**10,964**	211,183	**521,790**	252,701	**(3,713)**	(9,219)	**529,041**	454,665
Reconciliation:								
Interest income							**6,882**	7,065
Unallocated expenses							**(53,328)**	(42,809)
Finance costs							**(56,692)**	(48,412)
Share of profits and losses of jointly-controlled entities and an associate							**–**	1,824
Profit before tax							**425,903**	372,333
Segment assets	**2,255,371**	1,841,417	**6,505,853**	5,631,837	**1,554,533**	1,527,101	**10,315,757**	9,000,355
Reconciliation:								
Elimination of intersegment receivables							**(1,923,662)**	(1,901,942)
Investments in jointly-controlled entities							**199**	199
Investment in an associate							**369,979**	–
Corporate and other unallocated assets							**536,592**	949,492
Total assets							**9,298,865**	8,048,104
Segment liabilities	**1,233,381**	1,216,258	**468,992**	453,471	**405,370**	401,200	**2,107,743**	2,070,929
Reconciliation:								
Elimination of intersegment payables							**(1,923,662)**	(1,901,942)
Corporate and other unallocated liabilities							**3,939,472**	3,158,936
Total liabilities							**4,123,553**	3,327,923

4. OPERATING SEGMENT INFORMATION *(Continued)*

	Property development		Property investment		Others		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
								(Restated)
Other segment information:								
Fair value gains on investment properties, net	**–**	–	**412,424**	177,734	**–**	–	**412,424**	177,734
Depreciation	**1,442**	2,148	**1,562**	544	**5,332**	5,271	**8,336**	7,963
Capital expenditure*	**2,351**	300	**397,681**	192,610	**176**	6,533	**400,208**	199,443

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

Geographical information

(a) Revenue

	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**92,862**	85,795
Mainland China	**145,508**	813,627
	238,370	899,422

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

(b) Non-current assets

	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**2,524,931**	2,173,090
Mainland China	**3,619,620**	3,105,127
	6,144,551	5,278,217

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

5. REVENUE AND OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents income from the sale of properties, gross rental income and property management income during the year.

An analysis of revenue and other income and gains is as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Revenue		
Sale of properties	**43,415**	735,687
Gross rental income	**192,718**	161,504
Property management income	**2,237**	2,231
	238,370	899,422
Other income and gains		
Bank interest income	**6,882**	7,065
Others	**3,741**	4,254
	10,623	11,319

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans (including convertible bonds) wholly repayable within five years	**96,540**	72,371
Interest on bank loans wholly repayable after five years	**2,659**	2,642
Less: Interest capitalised under property development projects	**(42,507)**	(26,601)
	56,692	48,412

7. PROFIT BEFORE TAX

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

	2013	2012
	HK$'000	*HK$'000*
Cost of properties sold	**19,976**	510,853
Depreciation	**8,336**	7,963
Minimum lease payments under operating leases on land and buildings#	**20,311**	20,878
Auditors' remuneration	**1,923**	1,850
Employee benefit expense (including directors' remuneration *(note 8)*):		
Wages, salaries, allowances and benefits in kind	**36,991**	30,383
Pension scheme contributions	**1,259**	1,037
	38,250	31,420
Less: Amounts capitalised under property development projects	**(9,800)**	(5,135)
	28,450	26,285
Gross rental income	**(192,718)**	(161,504)
Less: Outgoing expenses*	**76,220**	76,424
	(116,498)	(85,080)
Rental income on investment properties less direct operating expenses of HK$41,910,000 (2012: HK$40,045,000)	**(113,855)**	(85,113)
Foreign exchange differences, net	**(698)**	3,388
Fair value gains on investment properties, net	**(412,424)**	(177,734)
Gain on disposal of investment properties, net	**(2,269)**	–
Interest income	**(6,882)**	(7,065)
Loss/(gain) on disposal of items of property, plant and equipment	**6**	(272)

At the end of the reporting period, the amount of forfeited pension scheme contributions available to the Group for future utilisation was not significant (2012: Nil).

Included in the amount is rental expenses for carpark operations of HK$8,954,000 (2012: HK$10,846,000) which are included in "Cost of sales" in the consolidated income statement.

* *The outgoing expenses for the year are included in "Cost of sales" in the consolidated income statement.*

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Fees	**225**	225
Other emoluments:		
Salaries, allowances and benefits in kind	**4,707**	4,135
Discretionary performance related bonuses*	**3,900**	3,734
Pension scheme contributions	**30**	24
	8,637	7,893
	8,862	8,118

* *Certain executive directors of the Company are entitled to bonus payments which are determined based on the individual performance of these directors during the year.*

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year are as follows:

	2013	2012
	HK$'000	*HK$'000*
Daniel Chi-Wai Tse	**75**	75
Kenneth Kin-Hing Lam	**75**	75
Hsin-Kang Chang	**75**	75
	225	225

There were no other emoluments payable to the independent non-executive directors during the year (2012: Nil).

8. DIRECTORS' REMUNERATION *(Continued)*

(b) Executive directors and non-executive directors

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary performance related bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2013					
Executive directors:					
James Sai-Wing Wong	**–**	**–**	**–**	**–**	**–**
Zuric Yuen-Keung Chan	**–**	**2,690**	**2,300**	**15**	**5,005**
Xiao-Ping Li	**–**	**2,017**	**1,600**	**15**	**3,632**
	–	**4,707**	**3,900**	**30**	**8,637**
Non-executive directors:					
Madeline May-Lung Wong	**–**	**–**	**–**	**–**	**–**
Herman Man-Hei Fung	**–**	**–**	**–**	**–**	**–**
Emily Yen Wong (alternate to Madeline May-Lung Wong)	**–**	**–**	**–**	**–**	**–**
	–	**–**	**–**	**–**	**–**
	–	**4,707**	**3,900**	**30**	**8,637**
2012					
Executive directors:					
James Sai-Wing Wong	–	–	–	–	–
Zuric Yuen-Keung Chan	–	2,305	2,182	12	4,499
Xiao-Ping Li	–	1,830	1,552	12	3,394
	–	4,135	3,734	24	7,893
Non-executive directors:					
Madeline May-Lung Wong	–	–	–	–	–
Herman Man-Hei Fung	–	–	–	–	–
Emily Yen Wong (alternate to Madeline May-Lung Wong)	–	–	–	–	–
	–	–	–	–	–
	–	4,135	3,734	24	7,893

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2012: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2012: three) non-director, highest paid employees are set out below:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**5,277**	4,594
Pension scheme contributions	**291**	254
	5,568	4,848

The number of non-director and highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2013	2012
HK$1,000,001 to HK$1,500,000	**–**	1
HK$1,500,001 to HK$2,000,000	**3**	2
	3	3

10. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group has available tax losses brought forward from prior years to offset the assessable profits generated during the year (2012: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

LAT 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.

10. INCOME TAX *(Continued)*

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Group:		
Current – Elsewhere	**3,919**	45,833
LAT in Mainland China	**5,774**	15,105
Deferred *(note 26)*	**14,948**	31,845
Total tax charge for the year	**24,641**	92,783

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Profit before tax	**425,903**	372,333
Tax at the statutory rate of 16.5% (2012: 16.5%)	**70,274**	61,435
Effect on different rates for companies operating in other jurisdictions	**9,248**	26,782
Income not subject to tax	**(58,727)**	(9,258)
Expenses not deductible for tax	**5,160**	3,091
Tax losses utilised from previous periods	**(1,891)**	(10)
Tax losses not recognised	**7,041**	4,871
Profits and losses attributable to jointly-controlled entities and an associate	**–**	(301)
LAT	**5,774**	15,105
Others	**(12,238)**	(8,932)
Tax charge at the Group's effective rate of 5.8% (2012 *(restated)*: 24.9%)	**24,641**	92,783

There was no share of tax attributable to an associate and jointly-controlled entities during the year ended 31 March 2013 (2012: Nil).

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the year ended 31 March 2013 includes a profit of HK$14,246,000 (2012: HK$79,072,000) which has been dealt with in the financial statements of the Company.

12. DIVIDEND

	2013	2012
	HK$'000	*HK$'000*
Proposed final – 12.5 HK cents (2012: 12.5 HK cents) per ordinary share	**60,036**	60,036

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

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

The calculation of diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, adjusted to reflect the interest on the convertible bonds, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

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

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

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**401,863**	216,555
Interest on convertible bonds, net of tax and interest capitalisation	**–**	–
	401,863	216,555

	Number of shares	
	2013	2012
Shares		
Number of ordinary shares in issue during the year used in the basic earnings per share calculation	**480,286,201**	480,286,201
Effect of dilution – weighted average number of ordinary shares:		
Convertible bonds	**–**	4,872,860
	480,286,201	485,159,061

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 March 2013					
At 31 March 2012 and at 1 April 2012:					
Cost	26,392	28,161	17,963	8,151	80,667
Accumulated depreciation	(8,450)	(5,891)	(10,893)	(4,062)	(29,296)
Net carrying amount	17,942	22,270	7,070	4,089	51,371
At 1 April 2012, net of accumulated depreciation	17,942	22,270	7,070	4,089	51,371
Additions	–	42	1,369	1,658	3,069
Disposals	–	–	–	(893)	(893)
Depreciation provided during the year	(1,217)	(3,420)	(2,631)	(1,068)	(8,336)
Exchange realignment	449	557	134	61	1,201
At 31 March 2013, net of accumulated depreciation	**17,174**	**19,449**	**5,942**	**3,847**	**46,412**
At 31 March 2013:					
Cost	27,052	28,854	19,547	7,950	83,403
Accumulated depreciation	(9,878)	(9,405)	(13,605)	(4,103)	(36,991)
Net carrying amount	**17,174**	**19,449**	**5,942**	**3,847**	**46,412**
31 March 2012					
At 1 April 2011:					
Cost	25,461	23,230	16,044	7,509	72,244
Accumulated depreciation	(7,006)	(2,298)	(8,899)	(3,655)	(21,858)
Net carrying amount	18,455	20,932	7,145	3,854	50,386
At 1 April 2011, net of accumulated depreciation	18,455	20,932	7,145	3,854	50,386
Additions	–	4,088	2,157	1,372	7,617
Disposals	–	–	(199)	(209)	(408)
Depreciation provided during the year	(1,188)	(3,509)	(2,225)	(1,041)	(7,963)
Exchange realignment	675	759	192	113	1,739
At 31 March 2012, net of accumulated depreciation	17,942	22,270	7,070	4,089	51,371
At 31 March 2012:					
Cost	26,392	28,161	17,963	8,151	80,667
Accumulated depreciation	(8,450)	(5,891)	(10,893)	(4,062)	(29,296)
Net carrying amount	17,942	22,270	7,070	4,089	51,371

The leasehold land and buildings are situated in Mainland China and are held under long term leases.

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Company

	Leasehold improvements *HK$'000*	Furniture and equipment *HK$'000*	Total *HK$'000*
31 March 2013			
At 31 March 2012 and at 1 April 2012:			
Cost	1,520	2,999	4,519
Accumulated depreciation	(1,520)	(2,847)	(4,367)
Net carrying amount	–	152	152
At 1 April 2012, net of accumulated depreciation	–	152	152
Additions	–	64	64
Depreciation provided during the year	–	(68)	(68)
At 31 March 2013, net of accumulated depreciation	**–**	**148**	**148**
At 31 March 2013:			
Cost	1,520	3,063	4,583
Accumulated depreciation	(1,520)	(2,915)	(4,435)
Net carrying amount	**–**	**148**	**148**
31 March 2012			
At 1 April 2011:			
Cost	1,520	2,965	4,485
Accumulated depreciation	(1,342)	(2,716)	(4,058)
Net carrying amount	178	249	427
At 1 April 2011, net of accumulated depreciation	178	249	427
Additions	–	34	34
Depreciation provided during the year	(178)	(131)	(309)
At 31 March 2012, net of accumulated depreciation	–	152	152
At 31 March 2012:			
Cost	1,520	2,999	4,519
Accumulated depreciation	(1,520)	(2,847)	(4,367)
Net carrying amount	–	152	152

15. INVESTMENT PROPERTIES

Group

	2013		
	Completed investment properties at fair value	**Investment properties under construction at cost**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
At beginning of year	**4,098,229**	**1,128,617**	**5,226,846**
Additions	**13,788**	**383,351**	**397,139**
Disposals	**(12,212)**	**–**	**(12,212)**
Net gains from fair value adjustments	**412,424**	**–**	**412,424**
Exchange realignment	**48,171**	**25,771**	**73,942**
At end of year	**4,560,400**	**1,537,739**	**6,098,139**

	2012		
	Completed investment properties at fair value	Investment properties under construction at cost	Total
	HK$'000	*HK$'000*	*HK$'000*
At beginning of year	3,843,888	932,963	4,776,851
Additions	27,015	164,811	191,826
Disposals	(13,722)	–	(13,722)
Net gains from fair value adjustments	177,734	–	177,734
Exchange realignment	63,314	30,843	94,157
At end of year	4,098,229	1,128,617	5,226,846

15. INVESTMENT PROPERTIES *(Continued)*

	2013	2012
	HK$'000	*HK$'000*
Analysis by type and location:		
Long term leasehold land and buildings in Hong Kong	**1,314,200**	1,191,100
Medium term leasehold land and buildings in Hong Kong	**1,208,700**	980,300
Medium term leasehold land and buildings in Mainland China	**3,575,239**	3,055,446
	6,098,139	5,226,846

At the end of the reporting period, all of the completed investment properties were revalued on an open market, existing use basis, by Savills Valuation and Professional Services Limited, independent professionally qualified valuers. Certain completed investment properties are leased to third parties under operating leases, further summary details of which are included in note 32(a) to the financial statements.

Investment properties under construction included interest expense of HK$25,218,000 (2012: HK$14,336,000) that was incurred and capitalised during the year.

The Group's investment properties under construction are measured at cost until such time as fair value can be determined reliably or construction is completed. The Group has concluded that the fair value of its investment properties under construction cannot be measured reliably and were therefore measured at cost in the consolidated statement of financial position.

The Group's investment properties with an aggregate carrying value of HK$6,081,539,000 (2012: HK$5,052,451,000) at the end of the reporting period were pledged to the Group's bankers to secure the banking facilities granted to the Group as detailed in note 24(a)(i) to the financial statements. In addition, certain of the Group's bank loans are secured by assignments of rental income from the leases of the Group's investment properties as detailed in note 24(a)(iii).

Further particulars of the Group's investment properties are included in "Particulars of Properties" on pages 125 to 128.

16. INVESTMENTS IN SUBSIDIARIES

	Company	
	2013	2012
	HK$'000	*HK$'000*
Unlisted shares, at cost	**1**	1
Due from subsidiaries	**3,462,872**	3,218,987
	3,462,873	3,218,988
Impairment on amounts due from subsidiaries#	**(820,285)**	(889,415)
	2,642,588	2,329,573

An impairment was recognised for amounts due from subsidiaries because these subsidiaries of the Company have been making losses.

The amounts due from and to subsidiaries included in the Company's current assets and current liabilities are unsecured, interest-free, and repayable on demand. The amounts due from subsidiaries included in non-current assets are unsecured, interest-free and repayable on demand, but in the opinion of directors, these amounts are not expected to be repaid within one year. The carrying amounts of these amounts due from and to subsidiaries approximate to their fair values.

The movement in the provision for impairment of the amounts due from subsidiaries during the year is as follows:

	Company	
	2013	2012
	HK$'000	*HK$'000*
At 1 April	**889,415**	889,377
Impairment/(reversal of impairment) recognised in profit or loss during the year	**(1,976)**	50,835
Amount written off as uncollectible	**(67,154)**	(50,797)
At 31 March	**820,285**	889,415

16. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ paid-up registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Champion Fine International Investments Inc.*	Canada	Canadian dollar ("CAD") 1	–	100	Investment holding
Chinney Property Management Limited	Hong Kong	HK$100	–	100	Property management
CP Parking Limited	Hong Kong	HK$2,060,000 (2012: HK$760,000)	–	100	Carpark management
Crown Honour Developments Limited	Hong Kong	HK$2	100	–	Nominee services
Full Yip Development Limited	BVI/Hong Kong	US$1	–	100	Property holding and letting
Foshan Nanhai XinDa Land Development Ltd.*#	PRC/ Mainland China	HK$300,000,000	–	100	Property development
Guangzhou Honkwok Fuqiang Land Development Ltd.*#	PRC/ Mainland China	Renminbi ("RMB") 185,000,000	–	60	Property development
Guangzhou Honkwok Hengsheng Land Development Ltd.*#	PRC/ Mainland China	RMB220,000,000	–	75	Property development
Guangzhou Hua Yin Land Development Co., Ltd.*#	PRC/ Mainland China	RMB80,000,000	–	100	Property development
Guangzhou Sheng Jin Real Estate Co., Ltd.*#	PRC/ Mainland China	RMB52,114,000 (2012: RMB40,000,000)	–	100	Property development
Guangzhou Tungfu Property Management Co., Ltd.*#	PRC/ Mainland China	RMB44,400,000	–	100	Property holding and letting

16. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ paid-up registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Guangzhou Zhong Lu Da Dao Real Estate Development Co., Ltd.*#	PRC/ Mainland China	RMB90,000,000	–	100	Property development
Hon Kwok Land Investment (China) Limited	Hong Kong	HK$2	100	–	Investment holding
Hon Kwok Land Investment (Shenzhen) Co., Ltd.*#	PRC/ Mainland China	HK$30,000,000	–	100	Property development
Hon Kwok Project Management Limited	Hong Kong	HK$2	–	100	Project management
Hon Kwok Treasury Limited	Hong Kong	HK$2	–	100	Financing
Honour Well Development Limited	Hong Kong	HK$2	–	100	Property holding and letting
Hotwin Investment (Chongqing) Co., Ltd. (formerly known as Hotfield Land Investment (Chongqing) Co., Ltd.)*#	PRC/ Mainland China	US$14,300,000	–	100	Property holding and letting
Island Parking Limited	BVI/Hong Kong	US$10	–	100	Property holding and letting
King Capital Development Limited	Hong Kong	HK$2	–	100	Property holding and letting
King Champion Limited	Hong Kong	HK$2	–	100	Property holding and letting
Lido Parking Limited	BVI/Hong Kong	US$1	–	100	Property holding and letting
Prime Best Development Limited	Hong Kong	HK$2	–	100	Investment holding
Shenzhen Guanghai Investment Co., Ltd.*#	PRC/ Mainland China	RMB600,000,000	–	100	Property development
Shenzhen Honkwok Huaye Development Co., Ltd.*#	PRC/ Mainland China	RMB50,000,000	–	100	Property holding and letting

16. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ paid-up registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
The Bauhinia Hotel Management Limited	Hong Kong	HK$2	–	100	Property letting
The Bauhinia Hotel (TST) Management Limited	Hong Kong	HK$2	–	100	Property letting
Vast Champ Investment (Chongqing) Co., Ltd.*#	PRC/ Mainland China	US$30,000,000	–	100	Property development
Wide Fame Investment Limited	Hong Kong	HK$2	–	100	Investment holding
Wise Pacific Investment Limited	Hong Kong	HK$10,000	–	100	Money lending

* *Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network*

These subsidiaries are registered in the PRC as foreign-owned enterprises with business duration of 25 to 50 years.

The directors are of the opinion that a complete list of the particulars of all subsidiaries would be of excessive length and therefore, the above list contains only the particulars of subsidiaries which principally affected the results for the year or formed a substantial portion of the net assets of the Group.

17. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES

	Group	
	2013	2012
	HK$'000	*HK$'000*
Share of net assets	**199**	199

All investments in jointly-controlled entities are indirectly held by the Company.

The amounts due from jointly-controlled entities included in current assets were unsecured, interest-free and repayable on demand. The carrying amounts of these amounts due from jointly-controlled entities approximated to their fair values.

Particulars of the principal jointly-controlled entity are as follows:

			Percentage of			
Name	**Particulars of issued share capital**	**Place of incorporation**	**Ownership interest**	**Voting power**	**Profit sharing**	**Principal activity**
Two City Hall Place Limited*	Common share capital of CAD100	Canada	50	50	50	Property development

* *Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network*

The above table includes the jointly-controlled entity of the Group which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other jointly-controlled entities would, in the opinion of the directors, result in particulars of excessive length.

17. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES *(Continued)*

The following table illustrates the summarised financial information of the Group's jointly-controlled entities:

	2013	2012
	HK$'000	*HK$'000*
Share of the jointly-controlled entities' assets and liabilities:		
Total non-current assets	**581**	589
Total current assets	**152**	666
Total current liabilities	**(534)**	(1,056)
Net assets	**199**	199
Share of the jointly-controlled entities' results:		
Total revenue	**–**	2,336
Total expenses	**–**	(512)
Profit for the year	**–**	1,824

18. INVESTMENT IN AN ASSOCIATE

	Group	
	2013	2012
	HK$'000	*HK$'000*
Goodwill on acquisition	**18,374**	–
Share of net assets	**351,605**	–
	369,979	–

Particulars of the associate, which is held indirectly through a wholly-owned subsidiary of the Company, is as follows:

Name	**Particulars of issued shares held**	**Place of incorporation**	**Percentage of ownership interest attributable to the Group**	**Principal activity**
Chinney Trading Company Limited ("Chinney Trading")*	Ordinary shares of HK$100 each	Hong Kong	20	Property development

* *Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network*

18. INVESTMENT IN AN ASSOCIATE *(Continued)*

On 18 September 2012, the Group entered into a sale and purchase agreement with Chinney Development Company Limited ("Chinney Development") and Wan Thai Group Limited for the subscription of 2,600 shares, representing 20% equity interest in Chinney Trading (the "Acquisition"). The Acquisition constituted a major and connected transaction to the Company under the Listing Rules as Chinney Development is a connected person of the Company by virtue of the fact that it is a company controlled by James Sai-Wing Wong, Chairman and a substantial shareholder of the Company.

The purchase consideration for the Acquisition was satisfied by cash consideration of HK$368,537,000. Further details of the Acquisition were set out in the Company's announcement dated 18 September 2012 and circular dated 25 October 2012. The Acquisition was completed on 15 February 2013 and a goodwill amounting to HK$18,374,000, being the excess of the purchase consideration over the Group's interests in the fair value of identifiable net assets of Chinney Trading at the date of completion of the Acquisition, was recognised.

The following table illustrates the summarised financial information of the Group's associate extracted from its financial statements:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Assets	**2,135,077**	–
Liabilities	**(377,052)**	–
Revenues	**–**	–
Loss after tax	**(5,516)**	–

19. PROPERTIES HELD FOR SALE UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

	Group	
	2013	2012
	HK$'000	*HK$'000*
Completed properties held for sale	**270,992**	196,083
Properties held for sale under development	**1,915,310**	1,579,277
	2,186,302	1,775,360

	2013	2012
	HK$'000	*HK$'000*
Properties held for sale under development		
– expected to be recovered:		
Within one year	**398,812**	227,284
After one year	**686,836**	550,118
– pending construction expected to be recovered after one year	**829,662**	801,875
	1,915,310	1,579,277

Properties held for sale under development and completed properties held for sale included interest expense of HK$17,289,000 (2012: HK$12,265,000) that was incurred and capitalised during the year prior to the completion of the development of the properties.

Certain of the Group's properties held for sale under development and completed properties held for sale with an aggregate carrying value of HK$552,045,000 (2012: HK$319,001,000) at the end of the reporting period were pledged to secure the banking facilities granted to the Group as detailed in note 24(a)(ii) to the financial statements.

19. PROPERTIES HELD FOR SALE UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE *(Continued)*

The Group is subject to a risk that certain land relating to the properties held for sale under development situated in the PRC, with a carrying amount of HK$698,238,000 (2012: HK$576,652,000) at the end of the reporting period, could be appropriated by the relevant government authorities in the PRC as a result of the non-compliance with the requirement to complete the construction works on the land in prior years. In the opinion of the directors, the chance that the land administration bureau will appropriate the property without paying compensation is remote because the Group had fully paid the land premium in prior years and was granted approval from the relevant government authorities for the modification and application for extension of several Construction Works Planning Permits and Construction Works Commencement Permits, and the construction works on the land have already commenced and the construction of certain property units has been completed and certain completed properties were delivered to the purchasers.

The land use right of a portion of an unencumbranced development site with an area of 24,067 square metres located in the PRC was subject to a freeze order by a court in the PRC for a value equivalent to approximately HK$69 million (2012: HK$68 million), following a legal action taken by one of the previous interested parties of the land. In this connection, a written legal opinion was obtained from a PRC law firm which opined that the claim filed by the said previous interested party has no legal basis and is not valid. In view of such legal opinion, the directors believe that the freeze order does not have any material impact on the development of the project.

Details of the properties held for sale under development and completed properties held for sale are as follows:

	2013 ***HK$'000***	2012 *HK$'000*
Medium term leases:		
Hong Kong	**4,437**	4,437
Mainland China	**311,969**	274,899
Long term leases:		
Mainland China	**1,869,896**	1,496,024
	2,186,302	1,775,360

Further particulars of the Group's properties held for sale under development and completed properties held for sale are included in "Particulars of Properties" on pages 125 to 128.

20. TRADE RECEIVABLES

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

	Group	
	2013	2012
	HK$'000	*HK$'000*
Within 30 days	**953**	2,850
31 to 60 days	**123**	220
61 to 90 days	**22**	6
	1,098	3,076

Monthly rent in respect of leased properties is payable in advance by the tenants pursuant to the terms of the tenancy agreements. The balance of the consideration in respect of sold properties is payable by the purchasers pursuant to the terms of the sale and purchase agreements. Overdue trade debts are monitored closely by management and are provided for in full in cases of non-recoverability. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The carrying amounts of the trade receivables approximate to their fair values.

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Neither past due nor impaired	**–**	–
Within 30 days past due	**953**	2,850
31 to 90 days past due	**145**	226
	1,098	3,076

20. TRADE RECEIVABLES *(Continued)*

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable.

The Company had no trade receivables at the end of the reporting period (2012: Nil).

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		**Company**	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Prepayments	**18,042**	9,363	**355**	302
Deposits	**11,923**	10,555	**2,128**	1,218
Other receivables	**40,703**	32,366	**–**	–
Impairment	**(10,524)**	(10,524)	**–**	–
	60,144	41,760	**2,483**	1,520

None of the deposits is either past due or impaired. The provision for impairment relates to other receivables.

Included in the above provision for impairment of other receivables is a provision for an impaired other receivable of HK$10,524,000 (2012: HK$10,524,000) with a carrying amount before provision of HK$10,524,000 (2012: HK$10,524,000). The Group does not hold any collateral or other credit enhancements over this balance.

The remaining balance of other receivables was neither past due nor impaired and relates to a large number of independent parties for whom there was no recent history of default.

22. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

		Group		Company	
		2013	2012	**2013**	2012
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances		**292,595**	609,173	**7,687**	21,461
Time deposits		**242,803**	339,932	**–**	–
		535,398	949,105	**7,687**	21,461
Less: Pledged time deposits:					
Pledged for bank loans	*24(a)(v)*	**(120,803)**	(120,371)	**–**	–
Cash and cash equivalents		**414,595**	828,734	**7,687**	21,461

Included in cash and cash equivalents are restricted bank deposits of HK$17,189,000 (2012: HK$205,531,000) which can only be applied in the designated property development project prior to its completion of construction.

At the end of the reporting period, the cash and bank balances including time deposits of the Group denominated in RMB amounted to HK$267,470,000 (2012: HK$461,993,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between three months and a year depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

23. TRADE PAYABLES AND ACCRUED LIABILITIES

Included in the trade payables and accrued liabilities are trade payables of HK$20,356,000 (2012: HK$30,194,000). An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Within 30 days	**20,356**	30,194

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

The Company had no trade payables at the end of the reporting period (2012: Nil).

24. INTEREST-BEARING BANK BORROWINGS

Group

	2013			2012		
	Effective interest rate (%)	**Maturity**	***HK$'000***	Effective interest rate (%)	Maturity	*HK$'000*
Current						
Bank loan – unsecured	**4.4**	**2013-2014**	**48,000**	2.3	2013	300,000
Bank loans – secured	**1.6-7.4**	**2013-2014 or on demand**	**1,256,316**	1.1-7.2	2012-2013 or on demand	517,265
			1,304,316			817,265
Non-current						
Bank loans – unsecured	**4.4**	**2015**	**552,000**			–
Bank loans – secured	**2.0-7.4**	**2014-2020**	**1,712,333**	1.8-7.2	2013-2020	1,980,897
			2,264,333			1,980,897
			3,568,649			2,798,162

24. INTEREST-BEARING BANK BORROWINGS *(Continued)*

Company

	2013			2012		
	Effective interest rate (%)	**Maturity**	***HK$'000***	Effective interest rate (%)	Maturity	*HK$'000*
Current						
Bank loans – secured	**2.4-3.1**	**On demand**	**138,000**	2.1-2.4	On demand	88,000
			138,000			88,000

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Analysed into:				
Bank loans repayable:				
Within one year or on demand	**1,304,316**	817,265	**138,000**	88,000
In the second year	**1,098,133**	806,864	**–**	–
In the third to fifth years, inclusive	**1,151,950**	1,154,799	**–**	–
Beyond five years	**14,250**	19,234	**–**	–
	3,568,649	2,798,162	**138,000**	88,000

24. INTEREST-BEARING BANK BORROWINGS *(Continued)*

Notes:

(a) *Certain of the Group's bank loans are secured by:*

   (i) *mortgages over certain of the Group's investment properties, which had an aggregate carrying value at the end of the reporting period of HK$6,081,539,000 (2012: HK$5,052,451,000);*

   (ii) *mortgages over certain of the Group's properties held for sale under development and completed properties held for sale, which had an aggregate carrying value at the end of the reporting period of HK$552,045,000 (2012: HK$319,001,000);*

   (iii) *assignments of rental income from the leases of certain of the Group's investment properties;*

   (iv) *charge over the shares of certain subsidiaries of the Group; and*

   (v) *the pledge of certain of the Group's time deposits amounting to HK$120,803,000 (2012: HK$120,371,000).*

(b) *Irrevocable and unconditional guarantees have been given by the Company in respect of bank borrowings of certain subsidiaries. In addition, the Company has subordinated its loans to certain subsidiaries in favour of the relevant lending banks.*

(c) *Except for certain bank loans denominated in RMB equivalent to HK$609,649,000 (2012: HK$367,062,000) and in US$ equivalent to HK$117,000,000 in the prior year, all bank borrowings at the end of the reporting period were denominated in Hong Kong dollars.*

As further explained in note 37 to the financial statements, the Group's interest-bearing bank borrowings in the amount of HK$184,000,000 (2012: HK$194,500,000) containing on-demand clauses have been classified as current liabilities. For the purpose of the above analysis, the loans are included within current interest-bearing bank borrowings and analysed into bank loans repayable within one year or on demand.

Based on the maturity terms of the loans, the amounts repayable in respect of the loans are: HK$1,120,316,000 (2012: HK$622,765,000) within one year or on demand; HK$1,106,133,000 (2012: HK$817,364,000) in the second year; HK$1,179,950,000 (2012: HK$1,180,799,000) in the third to fifth years, inclusive and HK$162,250,000 (2012: HK$177,234,000) beyond five years.

All bank loans of the Group and the Company bear interest at floating rates.

The carrying amounts of the Group's and the Company's current and non-current bank borrowings approximate to their fair values.

25. CONVERTIBLE BONDS

On 27 June 2006, the Group issued convertible bonds due June 2011 at par for a principal sum of HK$280,000,000 (the "Bonds"). The Bonds are guaranteed by the Company and bore interest at the rate of 3.5% per annum, payable semi-annually in arrears. The bondholders had the right, at any time on or after 27 July 2006 up to and including the seventh business date prior to 27 June 2011, to convert the Bonds into equity shares of the Company with a nominal value of HK$1.00 each at an initial conversion price of HK$4.00 per share, subject to adjustments in certain events. The conversion price of the Bonds was adjusted from HK$4.00 per share to HK$3.90 per share on 3 October 2008 and from HK$3.90 per share to HK$3.80 per share with effect from 6 October 2009. The conversion price of the Bonds had been further adjusted from HK$3.80 per share to HK$3.75 per share with effect from 20 September 2010. Any Bonds not converted would be redeemed at 124.5481% of their principal amount upon maturity on 27 June 2011. When the Bonds were issued, the prevailing market interest rate for similar bonds without the conversion option was higher than the interest rate at which the Bonds were issued.

The fair value of the liability component of the Bonds was estimated at the issue date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount was assigned as the equity component and was included in shareholders' equity.

During the year ended 31 March 2010, the Company repurchased part of the Bonds with an aggregate principal amount of HK$192,000,000 through over-the-counter purchases at a total consideration of HK$192,000,000. The Bonds repurchased had been cancelled. The Company determined the fair value of the liability component, at the dates of the repurchase transactions based on the valuations performed by Jones Lang LaSalle Sallmanns Limited, an independent firm of professionally qualified valuers, using an equivalent market interest rate for a similar bond without a conversion option, to be greater than the repurchase consideration. Accordingly, the whole repurchase consideration of HK$192,000,000 was allocated to the liability component with nil residual amount allocated to the equity component of the Bonds repurchased. The difference between the carrying value of the Bonds repurchased of HK$211,199,000 and the repurchase consideration of HK$192,000,000, being HK$19,199,000, was credited to the income statement for the year ended 31 March 2010. Subsequent to the repurchase, an amount of HK$17,024,000 which related to the equity component of the Bonds repurchased was transferred to the retained profits during the year ended 31 March 2010.

During the year ended 31 March 2012, the outstanding principal of the Bonds in the amount of HK$88,000,000 was redeemed in full together with the redemption premium upon maturity on 27 June 2011. The aggregate redemption amount was HK$109,602,000.

25. CONVERTIBLE BONDS *(Continued)*

The movements in the liability and equity components of the Bonds are as follows:

Group

	2012		
	Liability component of the Bonds	Equity component of the Bonds	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2011	108,355	7,802	116,157
Interest expense	2,787	–	2,787
Interest paid	(1,540)	–	(1,540)
Redemption of bonds	(109,602)	–	(109,602)
Transfer to retained profits	–	(7,802)	(7,802)
At 31 March 2012	–	–	–

The effective interest rate of the Bonds was 10.4% per annum. The fair value of the liability component of the Bonds was estimated using an equivalent market interest rate for a similar convertible bond. The fair value of the outstanding Bonds was approximately HK$110 million at 31 March 2011. The outstanding Bonds were fully redeemed on 27 June 2011.

26. DEFERRED TAX

The movements in deferred tax liabilities during the year are as follows:

Group

	2013		
	Depreciation allowance in excess of related depreciation	**Revaluation of investment properties**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
			(Restated)
At 1 April 2012	**189**	**281,100**	**281,289**
Deferred tax charged to the income statement during the year *(note 10)*	**–**	**14,948**	**14,948**
Exchange realignment	**–**	**6,974**	**6,974**
At 31 March 2013	**189**	**303,022**	**303,211**

	2012		
	Depreciation allowance in excess of related depreciation	Revaluation of investment properties	Total
	HK$'000	*HK$'000*	*HK$'000*
			(Restated)
At 1 April 2011, as previously reported	189	440,418	440,607
Changes in accounting policy – adoption of HKAS 12 Amendments *(note 2.2)*	–	(202,729)	(202,729)
At 1 April 2011, as restated	189	237,689	237,878
Deferred tax charged to the income statement during the year *(note 10)*	–	31,845	31,845
Exchange realignment	–	11,566	11,566
At 31 March 2012	189	281,100	281,289

26. DEFERRED TAX *(Continued)*

At the end of the reporting period, the Group had unrecognised deductible temporary differences of HK$1,238,000 (2012: HK$1,277,000) and unrecognised tax losses of HK$1,174,716,000 (2012: HK$1,148,528,000) available to offset against future taxable profits. The deductible temporary differences and tax losses have not been recognised as it is uncertain that there will be sufficient future taxable profits available against the utilisation of these temporary differences and tax losses.

At 31 March 2013, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China and in Canada. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China and Canada for which deferred tax liabilities have not been recognised totalled HK$380,705,000 at 31 March 2013 (2012: HK$371,828,000) and the amount, net of non-controlling interests, amounted to HK$293,315,000 (2012: HK$286,565,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

The Company had no significant unrecognised deferred tax liability (2012: Nil).

27. SHARE CAPITAL

	2013 ***HK$'000***	2012 *HK$'000*
Authorised:		
1,750,000,000 ordinary shares of HK$1.00 each	**1,750,000**	1,750,000
Issued and fully paid:		
480,286,201 ordinary shares of HK$1.00 each	**480,286**	480,286

28. RESERVES

(a) Group

The amount of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

(b) Company

	Share premium account	Capital reserve	Capital redemption reserve	Retained profits	Total reserves
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2011	396,352	647	10	584,632	981,641
Total comprehensive income for the year	–	–	–	61,613	61,613
Proposed final 2012 dividend *(note 12)*	–	–	–	(60,036)	(60,036)
At 31 March 2012 and 1 April 2012	396,352	647	10	586,209	983,218
Total comprehensive income for the year	–	–	–	84,608	84,608
Proposed final 2013 dividend *(note 12)*	–	–	–	(60,036)	(60,036)
At 31 March 2013	**396,352**	**647**	**10**	**610,781**	**1,007,790**

29. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

Certain additions of properties held for sale under development and completed properties held for sale of HK$20,000,000 (2012: HK$57,188,000) were not paid at the end of the reporting period and were recorded as accrued liabilities.

30. CONTINGENT LIABILITIES

(a) At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Guarantees given to banks in connection with facilities granted to its subsidiaries	**–**	–	**3,995,024**	3,149,492
	–	–	**3,995,024**	3,149,492

As at 31 March 2013, the banking facilities granted to the subsidiaries subject to guarantees given to the banks by the Company, were utilised to the extent of HK$3,305,954,000 (2012: HK$2,625,102,000).

(b) As at 31 March 2013, the Group has given guarantees of HK$7,078,000 (2012: HK$153,169,000) 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.

The fair value of the guarantees is not significant and the directors of the Company consider that, in case of default in payments by the purchasers, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties and therefore no provision has been made in the financial statements for the years ended 31 March 2013 and 2012 for the guarantees.

31. PLEDGE OF ASSETS

Details of the Group's bank loans, which are secured by the assets of the Group, are included in note 24 to the financial statements.

32. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases certain of its investment properties under operating lease arrangements, with leases negotiated for terms ranging from one to twenty-two years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 March 2013, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Within one year	**103,086**	102,757
In the second to fifth years, inclusive	**231,841**	227,128
After five years	**402,070**	417,594
	736,997	747,479

Certain of the Group's bank loans are secured by assignments of rental income from the leases of the Group's properties as detailed in note 24(a)(iii).

At the end of the reporting period, the Company had no operating lease arrangement as lessor.

32. OPERATING LEASE ARRANGEMENTS *(Continued)*

(b) As lessee

The Group leases its properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to ten years.

At 31 March 2013, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Commitments to third parties:				
Within one year	**17,266**	9,677	**7,024**	1,362
In the second to fifth years, inclusive	**23,520**	2,958	**9,638**	–
After five years	**2,058**	–	**–**	–
	42,844	12,635	**16,662**	1,362

33. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 32(b) above, the Group had the following capital commitments at the end of the reporting period:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Property development expenditure	**1,018,503**	863,837

34. RELATED PARTY TRANSACTIONS

(a) In addition to those transactions disclosed elsewhere in these financial statements, the Group had the following related party transactions during the year:

		Group	
	Notes	**2013** **HK$'000**	2012 *HK$'000*
Management fees paid to the immediate holding company	*(i)*	**9,000**	9,000
Purchase of a property from a related company	*(ii)*	**9,383**	–

Notes:

(i) The management fees were charged based on the underlying costs incurred by the immediate holding company in which James Sai-Wing Wong and Madeline May-Lung Wong, directors of the Company, have beneficial interests.

(ii) During the year, a wholly-owned subsidiary of the Company acquired a property from a related company, Chinney Alliance Group Limited ("Chinney Alliance") at a consideration of HK$9,383,000 which was based on the prevailing market value of the property at the time when the sale and purchase agreement was entered into. James Sai-Wing Wong, Chairman and a controlling shareholder of the Company, is also the chairman of and has control in Chinney Alliance, therefore the transaction constituted a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

(b) Other transactions with related parties

During the year, the Group acquired 20% equity interest in Chinney Trading. Further details of the transaction are set out in note 18 to the financial statements.

(c) Outstanding balances with related parties

As disclosed in the statements of financial position, the Group and the Company have outstanding balances with the Company's subsidiaries and jointly-controlled entities. Particulars of the terms of balances with subsidiaries and jointly-controlled entities are set out in their respective notes.

(d) Compensation of key management personnel of the Group

	2013 **HK$'000**	2012 *HK$'000*
Short term employee benefits	**20,658**	18,197
Post-employment benefits	**726**	619
	21,384	18,816

Further details of directors' emoluments are included in note 8 to the financial statements.

35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each category of financial instruments as at the end of the reporting period are as follows:

Group

Financial assets

	Loans and receivables	
	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**1,098**	3,076
Financial assets included in prepayments, deposits and other receivables	**42,102**	32,397
Pledged deposits	**120,803**	120,371
Cash and cash equivalents	**414,595**	828,734
	578,598	984,578

Financial liabilities

	Financial liabilities at amortised cost	
	2013	2012
	HK$'000	*HK$'000*
Financial liabilities included in trade payables and accrued liabilities	**91,701**	144,551
Interest-bearing bank borrowings	**3,568,649**	2,798,162
Financial liabilities included in customer deposits	**23,634**	22,247
	3,683,984	2,964,960

35. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Company

Financial assets

	Loans and receivables	
	2013	2012
	HK$'000	*HK$'000*
Amounts due from subsidiaries	**2,642,587**	2,329,572
Financial assets included in prepayments, deposits and other receivables	**2,128**	1,218
Cash and cash equivalents	**7,687**	21,461
	2,652,402	2,352,251

Financial liabilities

	Financial liabilities at amortised cost	
	2013	2012
	HK$'000	*HK$'000*
Amounts due to subsidiaries	**960,635**	735,514
Financial liabilities included in trade payables and accrued liabilities	**5,364**	4,933
Interest-bearing bank borrowings	**138,000**	88,000
	1,103,999	828,447

36. FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's and the Company's financial instruments are as follows:

Group

	Carrying amounts		Fair values	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial assets				
Trade receivables	**1,098**	3,076	**1,098**	3,076
Financial assets included in prepayments, deposits and other receivables	**42,102**	32,397	**42,102**	32,397
Pledged deposits	**120,803**	120,371	**120,803**	120,371
Cash and cash equivalents	**414,595**	828,734	**414,595**	828,734
	578,598	984,578	**578,598**	984,578
Financial liabilities				
Financial liabilities included in trade payables and accrued liabilities	**91,701**	144,551	**91,701**	144,551
Interest-bearing bank borrowings	**3,568,649**	2,798,162	**3,568,649**	2,798,162
Financial liabilities included in customer deposits	**23,634**	22,247	**23,634**	22,247
	3,683,984	2,964,960	**3,683,984**	2,964,960

36. FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

Company

	Carrying amounts		Fair values	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial assets				
Amounts due from subsidiaries	**2,642,587**	2,329,572	**2,642,587**	2,329,572
Financial assets included in prepayments, deposits and other receivables	**2,128**	1,218	**2,128**	1,218
Cash and cash equivalents	**7,687**	21,461	**7,687**	21,461
	2,652,402	2,352,251	**2,652,402**	2,352,251
Financial liabilities				
Amounts due to subsidiaries	**960,635**	735,514	**960,635**	735,514
Financial liabilities included in trade payables and accrued liabilities	**5,364**	4,933	**5,364**	4,933
Interest-bearing bank borrowings	**138,000**	88,000	**138,000**	88,000
	1,103,999	828,447	**1,103,999**	828,447

The Group and the Company did not have any financial assets and financial liabilities measured at fair value as at 31 March 2013 (2012: Nil).

The following methods and assumptions were used to estimate the fair values:

The fair values of cash and cash equivalents, pledged deposits, trade receivables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in customer deposits, trade payables and accrued liabilities and amounts due from/to subsidiaries approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, credit risk and liquidity risk. Management reviews and agrees polices for managing each of these risks and they are summarised below.

Foreign currency risk

The monetary assets and transactions of several subsidiaries of the Group are principally denominated in RMB and CAD, which expose the Group to foreign currency risk. The Group currently has no particular hedging vehicles to hedge its exposure to foreign currency risk. It is the Group's policy to monitor foreign exchange exposure and to make use of appropriate hedging measures when required. Approximately 61% (2012: 90%) of the Group's sales are denominated in foreign currencies.

The following table demonstrates the sensitivity to a reasonably possible change in the RMB and CAD exchange rates at the end of the reporting period with all other variables held constant, of the Group's profit after tax and the Group's equity (due to changes in fair value of monetary assets and liabilities).

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk *(Continued)*

Group

	Change in exchange rate *%*	Increase/ (decrease) in profit after tax and equity *HK$'000*
2013		
If Hong Kong dollar weakens against RMB	**5**	**(3,892)**
If Hong Kong dollar strengthens against RMB	**5**	**3,892**
If Hong Kong dollar weakens against CAD	**5**	**–**
If Hong Kong dollar strengthens against CAD	**5**	**–**
2012		
If Hong Kong dollar weakens against RMB	5	(4,518)
If Hong Kong dollar strengthens against RMB	5	4,518
If Hong Kong dollar weakens against CAD	5	1
If Hong Kong dollar strengthens against CAD	5	(1)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates. The interest rates and terms of repayment of the Group's borrowings are disclosed in note 24 to the financial statements. The Group's policy is to obtain the most favourable interest rates available for its borrowings. Management monitors interest rate exposure and will consider hedging significant interest rate exposures should the need arise.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates at the end of the reporting period, with all other variables held constant, of the Group's profit after tax and the Group's equity (through the impact on floating rate borrowings) and after the effect of interest being capitalised under property development projects of HK$11,616,000.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Interest rate risk *(Continued)*

Group

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit after tax and equity *HK$'000*
2013		
Hong Kong dollar	**100**	**(13,607)**
RMB	**50**	**(414)**
Hong Kong dollar	**(100)**	**13,607**
RMB	**(50)**	**414**
2012		
Hong Kong dollar	100	(19,497)
RMB	50	(181)
Hong Kong dollar	(100)	19,497
RMB	(50)	181

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise other receivables and cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in note 30(b) to the financial statements.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 20 to the financial statements.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and other fund raising exercises. The Group will consistently maintain a prudent financing policy and ensure that it maintains sufficient cash and credit lines to meet its liquidity requirements. 37% of the Group's debts, which comprise interest-bearing bank borrowings, would mature in less than one year as at 31 March 2013 (2012: 29%) based on the carrying value of borrowings reflected in the financial statements. If based on the maturity dates as set out in the loan agreements, 31% (2012: 22%) of the Group's debts would mature in less than one year.

The maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Group

			2013		
	On demand	Less than 12 months	1 to 2 years	Over 2 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial liabilities included in trade payables and accrued liabilities	3,683	88,018	–	–	91,701
Interest-bearing bank borrowings	345,400	1,070,322	1,173,856	1,226,232	3,815,810
Financial liabilities included in customer deposits	23,634	–	–	–	23,634
Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's properties	7,078	–	–	–	7,078
	379,795	1,158,340	1,173,856	1,226,232	3,938,223

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

Group

	2012				
	On demand	Less than 12 months	1 to 2 years	Over 2 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial liabilities included in trade payables and accrued liabilities	3,643	140,908	–	–	144,551
Interest-bearing bank borrowings	301,400	581,510	855,294	1,197,706	2,935,910
Financial liabilities included in customer deposits	22,247	–	–	–	22,247
Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's properties	153,169	–	–	–	153,169
	480,459	722,418	855,294	1,197,706	3,255,877

Company

	2013		
	On demand	**Less than 12 months**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Amounts due to subsidiaries	**960,635**	**–**	**960,635**
Financial liabilities included in trade payables and accrued liabilities	**1,015**	**4,349**	**5,364**
Interest-bearing bank borrowings	**138,000**	**–**	**138,000**
Guarantees given to banks in connection with facilities granted to subsidiaries	**3,305,954**	**–**	**3,305,954**
	4,405,604	**4,349**	**4,409,953**

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

Company

	2012		
	On demand *HK$'000*	Less than 12 months *HK$'000*	Total *HK$'000*
Amounts due to subsidiaries	735,514	–	735,514
Financial liabilities included in trade payables and accrued liabilities	980	3,953	4,933
Interest-bearing bank borrowings	88,000	–	88,000
Guarantees given to banks in connection with facilities granted to subsidiaries	2,625,102	–	2,625,102
	3,449,596	3,953	3,453,549

In respect of interest-bearing bank borrowings of HK$345,400,000 (2012: HK$301,400,000), the loan agreements contain a repayment on-demand clause giving the bank the unconditional right to call in the loan at any time and therefore, for the purpose of the above maturity profile, the total amount is classified as "on demand".

Notwithstanding the above clause, the directors do not believe that the loans will be called in their entirety within 12 months, and they consider that the loans will be repaid in accordance with the maturity dates as set out in the loan agreements. This evaluation was made considering: the financial position of the Group at the date of approval of the financial statements; the Group's compliance with the loan covenants; the lack of events of default; and the fact that the Group has made all previously scheduled repayments on time.

In accordance with the terms of the loans, the contractual undiscounted payments at 31 March 2013 for the interest-bearing bank borrowings in respect of the Group are HK$1,235,748,000 (2012: HK$698,209,000) within one year, HK$1,185,191,000 (2012: HK$864,213,000) in the second year, and HK$1,425,467,000 (2012: HK$1,402,682,000) beyond two years.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2013 and 2012.

The Group monitors capital using a gearing ratio, which is net interest-bearing debts divided by the equity attributable to owners of the Company plus non-controlling interests. Net interest-bearing debts include interest-bearing bank borrowings less cash and cash equivalents and pledged deposits. The gearing ratios as at the ends of the reporting periods were as follows:

Group

	2013 ***HK$'000***	2012 *HK$'000* *(Restated)*
Interest-bearing bank borrowings	**3,568,649**	2,798,162
Less: Cash and cash equivalents and pledged deposits	**(535,398)**	(949,105)
Net interest-bearing debts	**3,033,251**	1,849,057
Equity attributable to owners of the Company	**4,922,033**	4,472,115
Non-controlling interests	**253,279**	248,066
Total equity	**5,175,312**	4,720,181
Gearing ratio	**59%**	39%

38. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, due to the adoption of revised HKFRSs 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, 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 2011 has been presented.

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 June 2013.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below. The amounts for each year in the five year financial summary have been adjusted for the effects of the retrospective changes in the accounting policy affecting deferred tax on investment properties, as detailed in note 2.2 to the financial statements.

	Year ended 31 March				
	2013	2012	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Restated)	*(Restated)*	*(Restated)*	*(Restated)*
RESULTS					
REVENUE	**238,370**	899,422	145,534	812,584	194,858
PROFIT FOR THE YEAR	**401,262**	279,550	530,053	454,657	107,608
Profit attributable to:					
Owners of the Company	**401,863**	216,555	528,934	424,466	110,988
Non-controlling interests	**(601)**	62,995	1,119	30,191	(3,380)
	401,262	279,550	530,053	454,657	107,608

	As at 31 March				
	2013	2012	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Restated)	*(Restated)*	*(Restated)*	*(Restated)*
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	**9,298,865**	8,048,104	7,820,360	6,039,568	5,386,451
TOTAL LIABILITIES	**(4,123,553)**	(3,327,923)	(3,442,991)	(2,258,978)	(2,006,151)
NET ASSETS	**5,175,312**	4,720,181	4,377,369	3,780,590	3,380,300
NON-CONTROLLING INTERESTS	**(253,279)**	(248,066)	(179,174)	(172,887)	(144,103)
SHAREHOLDERS' FUNDS	**4,922,033**	4,472,115	4,198,195	3,607,703	3,236,197

GROUP I – PROPERTIES HELD FOR DEVELOPMENT

Location	Use	Site area *(sq.m./sq.ft.)*	Gross floor area *(sq.m./sq.ft.)*	Development progress (up to 27 June 2013)	Estimated completion date	Attributable interest of the Group *(%)*
MAINLAND CHINA						
1. Metropolitan Oasis (雅瑤綠洲) Da Li District Nanhai Guangdong Province	Low density residential	247,987 sq.m. (2,668,340 sq.ft.)	272,786 sq.m. (2,935,177 sq.ft.)	Phase 1 comprising (i) completed 71 town houses of ~18,000 sq.m. (ii) construction of high-rise apartments of ~121,000 sq.m. in progress	 – 2013 to 2016	100
2. Dong Guan Zhuan Dong Guan Zhuan Road Tian He District Guangzhou Guangdong Province	Residential	95,382 sq.m. (1,026,310 sq.ft.)	265,768 sq.m. (2,859,663 sq.ft.)	Planning stage	–	75
3. Botanica (寶翠園) Long Dong Cun Guang Shan Road Western Tian He District Guangzhou Guangdong Province	Residential	113,796 sq.m. (1,224,444 sq.ft.)	228,646 sq.m. (2,460,230 sq.ft.)	Phases 1 & 2 totalling ~92,000 sq.m. – Completed Phase 3 of ~70,000 sq.m. – Foundation works in progress	– –	60
4. 45-65 Beijing Nan Road Yue Xiu District Guangzhou Guangdong Province	Commercial/ Residential	2,177 sq.m. (23,424 sq.ft.)	23,077 sq.m. (248,308 sq.ft.)	Design in progress	–	100
5. 67-107 Beijing Nan Road Yue Xiu District Guangzhou Guangdong Province	Commercial	2,781 sq.m. (29,923 sq.ft.)	38,568 sq.m. (414,991 sq.ft.)	Design in progress	–	100
6. Hon Kwok City Commercial Centre (漢國城市商業中心) Junction of Shen Nan Zhong Road and Fu Ming Road Fu Tian District Shenzhen Guangdong Province	Commercial/ Residential	7,845 sq.m. (84,412 sq.ft.)	128,000 sq.m. (1,377,280 sq.ft.)	Superstructure works in progress	2015	100

For illustration purpose, sq.m. has been translated into sq.ft. at the rate of 1 sq.m. ≈ 10.76 sq.ft.

GROUP I – PROPERTIES HELD FOR DEVELOPMENT *(Continued)*

Location	Use	Site area *(sq.m./sq.ft.)*	Gross floor area *(sq.m./sq.ft.)*	Development progress (up to 27 June 2013)	Estimated completion date	Attributable interest of the Group *(%)*
MAINLAND CHINA						
7. Lot no. B-01-02 Jin Shan Pian Qu Jin Kai Yuan Bei Bu Xin Qu Chongqing	Commercial/ Office/Hotel	12,181 sq.m. (131,067 sq.ft.)	133,502 sq.m. (1,436,481 sq.ft.)	Already topping out	2013	100
8. Enterprise Square (僑城坊) Qiaoxiang Road North Nanshan District Shenzhen Guangdong Province	Composite	48,764 sq.m. (524,700 sq.ft.)	224,500 sq.m. (2,415,620 sq.ft.)	Substructure works in progress	–	20
HONG KONG						
9. Lot 716 & Others in DD111, Yuen Long New Territories	–	35,386 sq.ft.	–	Temporary open storage	–	100

GROUP II – COMPLETED PROPERTIES

Location	Use	Remaining unsold units	Gross floor area *(sq.m./sq.ft.)*	Car parking spaces	Attributable interest of the Group *(%)*
MAINLAND CHINA					
10. Ganghui Huating (港滙華庭) 5 Beijing Road Yue Xiu District Guangzhou Guangdong Province	Commercial	4-storey of commercial podium	4,157 sq.m. (44,729 sq.ft.)	71	100
11. Botanica Phases 1 & 2 (寶翠園一及二期) Tian He District Guangzhou Guangdong Province	Commercial	5 ground floor shops	257 sq.m. (2,765 sq.ft.)	247	60
12. Houses S and W Green Mountain Village Longgang Botanical Garden Longgang Shenzhen Guangdong Province	Residential	2 units	535 sq.m. (5,756 sq.ft.)	–	100

For illustration purpose, sq.m. has been translated into sq.ft. at the rate of 1 sq.m. ≈ 10.76 sq.ft.

GROUP III – PROPERTIES HELD FOR INVESTMENT

Location	Use	Gross floor area *(sq.m./sq.ft.)*	No. of apartment/ hotel rooms	Ownership status	Attributable interest of the Group *(%)*
MAINLAND CHINA					
13. City Square (城市天地廣場)/ The Bauhinia Hotel (Shenzhen) (寶軒酒店(深圳)) Jia Bin Road Luo Hu District Shenzhen Guangdong Province	5-storey of commercial podium comprising hotel and commercial	20,308 sq.m. (218,514 sq.ft.)	158 hotel rooms	Medium term lease	100
14. City Suites (寶軒公寓) Jia Bin Road Luo Hu District Shenzhen Guangdong Province	Serviced apartments	3,692 sq.m. (39,725 sq.ft.)	64 apartment units	Medium term lease	100
15. Chongqing Hon Kwok Centre (重慶漢國中心) Lot no. B-01-03 Jin Shan Pian Qu Jin Kai Yuan Bei Bu Xin Qu Chongqing	Commercial/ Office	107,802 sq.m. (1,159,949 sq.ft.)	–	Medium term lease	100
16. Ganghui Dasha (港滙大廈) 3 Beijing Road Yue Xiu District Guangzhou Guangdong Province	Commercial/ Office	13,053 sq.m. (140,450 sq.ft.)	–	Medium term lease	100
HONG KONG					
17. Hon Kwok Jordan Centre (漢國佐敦中心) 5, 7 & 7A Hillwood Road Tsim Sha Tsui Kowloon	Commercial/ Office	62,127 sq.ft.	–	Medium term lease	100
18. The Bauhinia (寶軒)/ The Bauhinia Hotel (Central) (寶軒酒店(中環)) 119-121 Connaught Road Central & 237-241 Des Voeux Road Central Hong Kong	Serviced apartments/ Hotel/ Commercial	123,283 sq.ft.	112 apartment units and 42 hotel rooms with a total of 213 rooms	Long term lease	100
19. The Bauhinia Hotel (TST) (寶軒酒店(尖沙咀)) 5-9 Observatory Court Tsim Sha Tsui Kowloon	Hotel/ Commercial	60,893 sq.ft.	44 hotel rooms (Renovation works of additional 54 hotel rooms in progress)	Medium term lease	100

For illustration purpose, sq.m. has been translated into sq.ft. at the rate of 1 sq.m. ≈ 10.76 sq.ft.

GROUP IV – CARPARKS HELD FOR INVESTMENT

Location	Car parking spaces	Ownership status	Attributable interest of the Group *(%)*
HONG KONG			
20. Provident Centre (和富中心) 21-53 Wharf Road North Point Hong Kong	15	Long term lease	100
21. Lido Garden (麗都花園) 41-63 Castle Peak Road Sham Tseng Tsuen Wan New Territories	36	Medium term lease	100
22. Shining Court (順寧居) 439 Shun Ning Road Cheung Sha Wan Kowloon	26	Medium term lease	100

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Hon Kwok Land Investment Company, Limited (the "Company") will be held at Full Moon Shanghai Restaurant, Macau Jockey Club, 4th Floor, East Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Thursday, 29 August 2013 at 3:30 p.m. for the following purposes:

1. To receive and consider the audited financial statements, the report of the directors and the independent auditors' report for the year ended 31 March 2013.

2. To declare a final dividend for the year ended 31 March 2013.

3. To elect directors and to authorise the directors to fix the directors' remuneration.

4. To re-appoint auditors and to authorise the directors to fix the auditors' remuneration.

5. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

   "**THAT** the exercise by the directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares of HK$1.00 each in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for shares, which would or might require shares to be allotted, issued or dealt with, whether during or after the end of the Relevant Period be and is hereby generally and unconditionally approved, provided that, otherwise than pursuant to: (a) a rights issue where shares of the Company are offered for a period fixed by the directors to shareholders on a fixed record date in proportion to their then holdings of shares (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any legal restrictions under the laws of the relevant place, or the requirements of the relevant regulatory body or any stock exchange in that place); or (b) any scrip dividend or similar arrangement providing for the allotment of securities in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company; or (c) the exercise of any options under any share option scheme of the Company or similar arrangement for the grant or issue to the employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (d) a specific authority granted by the shareholders of the Company in general meeting, the additional shares allotted, issued or dealt with (including shares agreed conditionally or unconditionally to be allotted, issued or dealt with, whether pursuant to an option or otherwise) shall not in aggregate exceed 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing this Ordinary Resolution and the said approval shall be limited accordingly.

For the purpose of this Ordinary Resolution, "Relevant Period" means the period from the passing of this Ordinary Resolution until whichever is the earlier of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting is required by any applicable laws or the Company's Memorandum and Articles of Association to be held; and

(iii) the revocation or variation of the authority given under this Ordinary Resolution by an ordinary resolution of the shareholders in general meeting.".

By Order of the Board
Thomas Hang-Cheong Ma
Company Secretary

Hong Kong, 30 July 2013

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of such member in accordance with the Articles of Association of the Company. A proxy need not be a member of the Company.

2. To be valid, a proxy form, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof must be completed and deposited at the registered office of the Company at 23rd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

3. In the case of joint holders of a share, any one of such holders may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such holders be present at the above meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.

4. All the resolutions set out in this notice will be decided by poll.