



Hon Kwok Land Investment Company, Limited

Stock Code: 160



Interim Report 2016/17

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CORPORATE INFORMATION

DIRECTORS

James Sai-Wing Wong (*Chairman*)
Herman Man-Hei Fung (*Vice-Chairman*)
Zuric Yuen-Keung Chan
Xiao-Ping Li
Emily Yen Wong
Daniel Chi-Wai Tse*
Zuo Xiang*
William Kwan-Lim Chu*

* *Independent non-executive directors*

AUDIT COMMITTEE

William Kwan-Lim Chu
Daniel Chi-Wai Tse
Zuo Xiang

REMUNERATION COMMITTEE

Daniel Chi-Wai Tse
William Kwan-Lim Chu
Herman Man-Hei Fung

SECRETARY

Thomas Hang-Cheong Ma

PRINCIPAL BANKERS

The Bank of East Asia, Limited
Chong Hing Bank 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
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REGISTERED OFFICE

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STOCK CODE

SEHK 160

WEBSITE

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CHAIRMAN'S STATEMENT

FINANCIAL RESULTS

For the six months ended 30 September 2016, the Group's unaudited consolidated turnover amounted to HK\$1,270 million (2015: HK\$594 million). The increase in turnover was mainly attributable to more property sales from the Group's PRC projects were recorded during the period. Net profit attributable to shareholders for the period under review was HK\$213 million (2015: HK\$375 million), inclusive of property revaluation gain of HK\$91 million, net of deferred tax (2015: HK\$317 million). Excluding the property revaluation gain, the Group's core profits for the period was HK\$122 million (2015: HK\$58 million). Basic earnings per share were 29.6 Hong Kong cents (2015: 52.1 Hong Kong cents). As at 30 September 2016, the shareholders' equity amounted to HK\$7,648 million (as at 31 March 2016: HK\$7,813 million) and net assets per share attributable to shareholders were HK\$10.62 (as at 31 March 2016: HK\$10.84).

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2016 (2015: Nil).

BUSINESS REVIEW

Property Development and Investment

Guangzhou, PRC

The **Botanica** 寶翠園, with a total gross floor area of approximately 229,000 sq.m., is situated in the greenery zone of Tian He District near the Botanical Garden. It comprises 39 blocks of high-rise residential building and is scheduled for development by phases. In the prior financial years, **Botanica Phases 1 and 2** 寶翠園一及二期, with a total 16 blocks of over 750 units, had been sold out and profits derived therefrom had previously been recognized. **Botanica Phase 3** 寶翠園三期, comprises 12 blocks of about 530 units, have also been sold out and generated sale proceeds exceeding RMB1,750 million. The remaining four blocks have been delivered to individual purchasers during the period under review and the relevant profits were recognized in the statement of profit or loss. Internal finishing works of **Botanica Phase 4** 寶翠園四期, comprises 11 blocks of about 550 units, are well in progress and the individual units are expected to be delivered by stages commencing in the first half of next year. The whole phase has been launched to the market for pre-sale and up to the date of this report, over 90% have been sold and total contracted sales exceeding RMB1,800 million.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

Property Development and Investment *(Continued)*

Guangzhou, PRC *(Continued)*

The development site at **Dong Guan Zhuan Road**, Tian He District is still under the planning and design stage whilst foundation works on the other one at **45-107 Beijing Nan Road**, Yue Xiu District are expected to be commenced in next quarter.

The occupancy rate of **Ganghui Dasha** 港滙大廈, a 20-storey commercial/office building situated at the junction of Beijing Road, Nanti Er Road and Baqi Er Road, Yue Xiu District, is currently above 85%.

The newly acquired **Jie Fang Building** 解放大廈, a completed 15-storey commercial and office building situated at No. 151 Jiefang Road South, Yue Xiu District, is being held by the Group for recurrent rental income.

Nanhai, Foshan, PRC

Metropolitan Oasis 雅瑤綠洲, situated in Da Li District, Nanhai, is scheduled for development by phases with a total gross floor area of approximately 273,000 sq.m. Phase 1 of the project comprises 71 units of 3-storey town houses and 24 blocks of high-rise apartments of about 900 units. About 95% of the above phase has been sold up to the date of this report, generated sale proceeds exceeding RMB1,100 million. The remaining blocks of the above apartment units have been substantially delivered to individual purchasers during the period under review. Phase 2 of the project comprises 192 units of 3-storey town houses of which foundation works were completed and superstructure works have been partially commenced. Portion of the town houses has been launched to the market for pre-sale and up to the date of this report, total contracted sales exceeding RMB200 million.

BUSINESS REVIEW *(Continued)*

Property Development and Investment *(Continued)*

Shenzhen, PRC

Construction works of **Hon Kwok City Commercial Centre** 漢國城市商業中心, situated at the junction of Shen Nan Zhong Road and Fu Ming Road, Futian District and with a total gross floor area of 128,000 sq.m., are in progress. This 80-storey (including 5 storeys underground) commercial/office tower is expected to be completed in next year and the Group intends to hold this signature building for recurrent rental income.

Enterprise Square 僑城坊, with a site area of 48,764 sq.m. and situated at Qiaoxiang Road North, Nanshan District, is being developed in two phases into 12 blocks of buildings for composite use with a total gross floor area of approximately 224,500 sq.m. Finishing plus mechanical and electrical works of both Phase 1 and Phase 2 are well in progress and expected to be completed by mid-2017. The Group has 20% interest in this project.

All the retail shops at ground floor and the entire first floor of the 5-storey commercial podium of **City Square** 城市天地廣場, situated at Jia Bin Road, Luo Hu District, are leased out. The average occupancy and room rates of **The Bauhinia Hotel (Shenzhen)** 寶軒酒店 (深圳), a 162-room hotel at upper three floors of the above podium, are both satisfactory whilst the average occupancy rate of **City Suites** 寶軒公寓, a 64-unit serviced apartments atop of the same podium, is near 100%.

Chongqing, PRC

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

Jinshan Shangye Zhongxin 金山商業中心, a twin-tower project comprising a 41-storey grade A office tower and a 42-storey 5-star hotel plus office tower with respective 4-storey retail/commercial podium, is also situated at Bei Bu Xin Qu and adjacent to the above **Chongqing Hon Kwok Centre** 重慶漢國中心. The tenancy of the completed office tower is steadily increased and renovation works of the hotel/office tower are in progress.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

Property Development and Investment *(Continued)*

Hong Kong – Property Investment

Foundation works of the bare site at **Kin Chuen Street, Kwai Chung, New Territories** acquired via government public tender last year are in the course of commencing in the coming months. The site, with a total gross floor area of approximately 228,000 sq.ft., will be developed for recurrent rental income.

All the retail areas at street level of the hotel/apartment building at Connaught Road Central and Des Voeux Road Central are leased out. **The Bauhinia Hotel (Central)** 寶軒酒店（中環），situated at four podium floors of the aforesaid building, is a 42-room boutique hotel with average occupancy rate above 95% and encouraging room rates. **The Bauhinia** 寶軒, a 171-room serviced apartments atop of the above hotel, has an average occupancy rate over 85%.

The Bauhinia Hotel (TST) 寶軒酒店（尖沙咀），occupying total 20 floors of a 23-storey commercial/office building at Observatory Court, Tsim Sha Tsui, is a 98-room boutique hotel. Both its average occupancy and room rates are satisfactory. The remaining floors of the above building are being leased out for commercial use including a restaurant operator.

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

OUTLOOK

In the US, the outcome of the presidential election is expected to have volatility impact to the world and uncertainty for global economy and the well expected interest rate hike to occur soon. On the other hand, the quantitative easing programme in the Eurozone is likely to be extended in order to boost the fragile economic growth there.

In Mainland China, local governments as well as the central bank have recently tightened policies including mortgage rules in selected cities that help to lower risk in the housing market. However, as the Central Government continues to support demand from end-users, it is expected that differentiated and accommodative monetary policies will be reinforced to ensure the stable and healthy development of the property market.

In Hong Kong, the recent raise of stamp duty to 15% flat for all residential purchases, except for first-time buyers who are permanent residents, should affect the sentiment of investors negatively that is likely led to a decline in transaction volume especially for small to medium-sized units in the coming months. Nevertheless, Grade A office price and rental are expected to remain positive in core areas, as there is limited supply and continuous demand from Chinese institutions. As more Chinese shoppers shift to mid-range brands that would reduce tourist-related sales, the downtrend for prime street shop rental in the short term may persist.

Finally, I wish to express my sincere thanks to my fellow directors for their contributions and all staff members for their dedicated hard work during the period under review.

James Sai-Wing Wong
Chairman

Hong Kong, 29 November 2016

GENERAL INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2016, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (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 shares
James Sai-Wing Wong	1 & 2	Through controlled corporations	502,262,139	69.72
Herman Man-Hei Fung	1	Beneficially owned	1,100,000	0.15

(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 shares/ paid-up registered capital
James Sai-Wing Wong	1 & 3	Chinney Investments, Limited ("Chinney Investments")	Through controlled corporation	348,763,324	63.25
	1	Chinney Investments	Beneficially owned	480,000	0.09
	1 & 4	Chinney Holdings Limited ("Chinney Holdings")	Through controlled corporation	9,900,000	99.00
	1	Chinney Holdings	Beneficially owned	100,000	1.00
	1	Lucky Year Finance Limited ("Lucky Year")	Beneficially owned	20,000	100.00
	1 & 5	Guangzhou Honkwok Fuqiang Land Development Ltd.	Through controlled corporations	RMB185,000,000	100.00
	1 & 6	Chinney Trading Company Limited	Through controlled corporations	10,400	80.00

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

Notes:

1. *All the interests stated above represent long positions.*
2. *Out of the 502,262,139 shares, 490,506,139 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 is a director and has beneficial interests therein. The remaining 11,756,000 shares are held by Chinney Capital Limited ("Chinney Capital") 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 is 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 is 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.*

Save as disclosed herein, as at 30 September 2016, 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.

GENERAL INFORMATION *(Continued)*

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

As at 30 September 2016, so far as is known to the directors of the Company, the following substantial shareholders and other persons 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 shares
James Sai-Wing Wong	1, 2, 3	Through controlled corporations	502,262,139	69.72
Lucky Year	1 & 2	Through controlled corporation	490,506,139	68.09
Chinney Holdings	1 & 2	Through controlled corporation	490,506,139	68.09
Chinney Investments	1 & 2	Directly beneficially owned	490,506,139	68.09

Notes:

1. All the interests stated above represent long positions.
2. James Sai-Wing Wong, Lucky Year, Chinney Holdings and Chinney Investments are deemed to be interested in the same parcel of 490,506,139 shares by virtue of Section 316 of the SFO.
3. 11,756,000 shares are held by Chinney Capital of which James Sai-Wing Wong is a director and has beneficial interests therein.

Save as disclosed herein, as at 30 September 2016, none of the substantial shareholders or other persons 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2016.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE (THE “LISTING RULES”)

In March 2015, Hon Kwok Treasury Limited, a wholly-owned subsidiary of the Company, as borrower, entered into a facility agreement (the “Facility Agreement”) relating to a HK\$1,000 million transferable term and revolving loan facilities (the “Loan Facilities”) with a syndicate of banks. The Loan Facilities have a term of 48 months commencing from the date of the Facility Agreement and to be used for refinancing the previous syndicated loans with outstanding balance of HK\$402 million and financing the general working capital requirements of the Group.

Pursuant to the 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) at least 30% of the effective shareholding in the Company or ceases to maintain management control of the Company; or (ii) James Sai-Wing Wong, Chairman of both the Company and Chinney Investments, ceases to remain as the largest beneficial ultimate shareholder of Chinney Investments.

If an event of default under the 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 Loan Facilities and/or declare all outstanding amounts together with all interest accrued under the Loan Facilities to be immediately due and payable.

GENERAL INFORMATION *(Continued)*

CONNECTED TRANSACTIONS

- (a) On 9 May 2016, True Light Enterprises Limited (“True Light”), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Rich Fate Limited (“Rich Fate”), pursuant to which True Light conditionally agreed to acquire and Rich Fate conditionally agreed to sell the entire issued share capital of Right Colour Limited (“Right Colour”) and the assignment of related shareholder’s loan to True Light for an aggregate cash consideration of HK\$68,795,000, net of PRC tax which Rich Fate was required to pay in connection with the sale of the entire issued share capital of Right Colour. Right Colour indirectly holds 50% interest in an investment property in Guangzhou, PRC. As Rich Fate was beneficially owned by Dr. James Sai-Wing Wong, Chairman and substantial shareholder of the Company, the related transaction constituted a connected transaction of the Company under the Listing Rules and the approval of the independent shareholders had been obtained at the extraordinary general meeting held on 6 July 2016. The above transaction was completed on 12 July 2016.
- (b) On 20 September 2016, Chinney Investments, the Company, Chinney Alliance Group Limited (“Chinney Alliance”) and Chinney Kin Wing Holdings Limited (“Chinney Kin Wing”) jointly announced that a wholly-owned subsidiary of the Company conditionally agreed to engage and a wholly-owned subsidiary of Chinney Kin Wing conditionally agreed to carry out foundation construction works on the vacant site at K.C.T.L. 495, Kin Chuen Street, Kwai Chung, New Territories, Hong Kong for a contract sum of HK\$210,000,000. Dr. James Sai-Wing Wong is the controlling shareholder of each of Chinney Investments, the Company, Chinney Alliance and Chinney Kin Wing and thus, the above companies are connected persons to one another under the Listing Rules. The related transactions constituted a connected transaction of each of the above companies under the Listing Rules and the approval of the respective independent shareholders had been obtained at the respective extraordinary general meetings held on 7 November 2016.

CORPORATE GOVERNANCE

Compliance with Model Code for Securities Transactions by Directors

The Company has adopted 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 during the six months ended 30 September 2016.

CORPORATE GOVERNANCE *(Continued)*

Compliance with the Corporate Governance Code

In the opinion of the Directors, 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 Listing Rules for the six months ended 30 September 2016, except for the following deviations:

1. CG Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Currently, Dr. James Sai-Wing Wong is the Chairman of the Company and assumes the role of the Chairman and also the chief executive officer. Given the nature of the Group’s businesses which require considerable market expertise, the Board believes that the vesting of the two roles for the time being provides the Group with stable and consistent leadership and allows for more effective planning and implementation of long term business strategies. The Board will continuously review the effectiveness of the structure to balance the power and authority of the Board and the management.

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

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

The Chairman 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.

GENERAL INFORMATION *(Continued)*

CORPORATE GOVERNANCE *(Continued)*

Compliance with the Corporate Governance Code *(Continued)*

3. CG Code provision A.5.1 stipulates that the Company should establish a nomination committee which should be chaired by the Chairman of the Board or an independent non-executive director. The Company has not established a nomination committee. The Board is responsible for considering the suitability of a candidate to act as a director, and collectively approving and terminating the appointment of a director as this allows a more informed and balanced decision to be made. 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 determine the suitability of the relevant candidates on the basis of their gender, age, professional qualifications and experience as well as educational background.
4. 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).

Audit committee

The Company has established an Audit Committee comprising William Kwan-Lim Chu, Daniel Chi-Wai Tse and Zuo Xiang.

Regular meetings have been held by the Audit Committee since its establishment and it meets at least twice each year to review and supervise the Group's financial reporting process and internal control. The Company's interim results for the six months ended 30 September 2016 have not been audited, but have been reviewed by the Audit Committee.

FINANCIAL REVIEW

Liquidity and financial resources

The total interest-bearing debts of the Group amounted to approximately HK\$5,520 million as at 30 September 2016 (as at 31 March 2016: HK\$5,820 million), of which approximately 43% (as at 31 March 2016: 50%) of the debts were classified as current liabilities. Included therein were debts of HK\$155 million (as at 31 March 2016: HK\$163 million) related to bank loans with repayable on demand clause and HK\$1,954 million related to project or term loans which will be refinanced during the forthcoming twelve months. 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 4%.

Total cash and bank balances including time deposits were approximately HK\$1,178 million as at 30 September 2016 (as at 31 March 2016: HK\$1,841 million). Included in cash and bank balances are restricted bank deposits of HK\$551 million (as at 31 March 2016: HK\$623 million) which can only be applied in the designated property development projects prior to their completion of construction. The Group had committed but undrawn banking facilities of a total of approximately HK\$1,212 million at period end available for its working capital purpose.

Total shareholders' funds as at 30 September 2016 were approximately HK\$7,648 million (as at 31 March 2016: HK\$7,813 million). The decrease was mainly due to depreciation in value of assets less liabilities denominated in Renminbi offset by current period's profit attributable to shareholders.

The gearing ratio of the Group, as measured by the net interest-bearing debts of approximately HK\$4,342 million (as at 31 March 2016: HK\$3,979 million) over the shareholders' funds plus non-controlling interests totalling of approximately HK\$8,069 million (as at 31 March 2016: HK\$8,120 million), was 54% as at 30 September 2016 (as at 31 March 2016: 49%).

Funding and treasury policies

There are no significant changes in the Group's funding and treasury policies. As at 30 September 2016, 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\$12,245 million as at 30 September 2016 were pledged to secure certain banking facilities of the Group.

GENERAL INFORMATION *(Continued)*

FINANCIAL REVIEW *(Continued)*

Employees and remuneration policies

The Group, not including its joint venture and an associate, employed approximately 370 employees as at 30 September 2016. There have been no significant changes in the remuneration policies and benefits to the employees of the Group.

Contingent liabilities

Particulars of the Group's contingent liabilities are set out in note 12 to the condensed interim consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended	
		30 September	
		2016	2015
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
	<i>Notes</i>		
Revenue	2	1,269,511	594,182
Cost of sales		(689,554)	(335,704)
Gross profit		579,957	258,478
Other income	3	5,554	4,999
Fair value gains on investment properties, net		140,362	440,888
Gain on disposal of a subsidiary		–	7,360
Administrative expenses		(37,593)	(36,048)
Other operating expenses, net		(60,718)	(24,943)
Finance costs	4	(57,582)	(46,397)
Share of loss of an associate		(190)	(141)
Profit before tax	5	569,790	604,196
Income tax expense	6	(232,208)	(201,358)
Profit for the period		<u>337,582</u>	<u>402,838</u>
Attributable to:			
Owners of the Company		213,232	375,034
Non-controlling interests		124,350	27,804
		<u>337,582</u>	<u>402,838</u>
Earnings per share attributable to ordinary equity holders of the Company	7		
Basic and diluted		<u>29.6 HK cents</u>	<u>52.1 HK cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended	
	30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	337,582	402,838
Other comprehensive loss		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive loss of an associate	(4,413)	(3,201)
Exchange differences on translation of foreign operations	<u>(293,708)</u>	<u>(187,636)</u>
Other comprehensive loss for the period, net of tax	<u>(298,121)</u>	<u>(190,837)</u>
Total comprehensive income for the period	<u>39,461</u>	<u>212,001</u>
Attributable to:		
Owners of the Company	(74,906)	189,819
Non-controlling interests	<u>114,367</u>	<u>22,182</u>
	<u>39,461</u>	<u>212,001</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	82,929	25,362
Investment properties	12,044,333	11,832,898
Investment in a joint venture	199	199
Investment in an associate	360,161	364,764
Total non-current assets	12,487,622	12,223,223
CURRENT ASSETS		
Tax recoverable	20	16,896
Properties held for sale under development and completed properties held for sale	2,652,231	3,065,950
Trade receivables	14,454	14,019
Prepayments, deposits and other receivables	149,968	198,465
Pledged deposits	77,764	142,207
Cash and bank balances	1,100,376	1,698,667
Total current assets	3,994,813	5,136,204
CURRENT LIABILITIES		
Trade payables and accrued liabilities	331,234	532,754
Due to an associate	31,740	37,490
Interest-bearing bank borrowings	2,354,215	2,894,804
Customer deposits	1,048,083	1,510,460
Tax payable	204,331	93,601
Total current liabilities	3,969,603	5,069,109
NET CURRENT ASSETS	25,210	67,095
TOTAL ASSETS LESS CURRENT LIABILITIES	12,512,832	12,290,318
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	3,165,792	2,925,285
Deferred tax liabilities	1,277,705	1,245,105
Total non-current liabilities	4,443,497	4,170,390
Net assets	8,069,335	8,119,928

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

		At 30 September 2016 (Unaudited) <i>HK\$'000</i>	At 31 March 2016 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
EQUITY			
Equity attributable to owners of the Company			
Share capital	10	1,519,301	1,519,301
Reserves		<u>6,128,360</u>	<u>6,293,320</u>
		7,647,661	7,812,621
Non-controlling interests		<u>421,674</u>	<u>307,307</u>
Total equity		<u>8,069,335</u>	<u>8,119,928</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company					Total equity (Unaudited) HK\$'000
	Share capital (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	
At 1 April 2015	1,519,301	638,218	5,560,676	7,718,195	246,440	7,964,635
Profit for the period	-	-	375,034	375,034	27,804	402,838
Other comprehensive loss for the period: Exchange differences on translation of foreign operations	-	(185,215)	-	(185,215)	(5,622)	(190,837)
Total comprehensive income/(loss) for the period	-	(185,215)	375,034	189,819	22,182	212,001
Final dividend in respect of previous financial year	-	-	(90,054)	(90,054)	-	(90,054)
At 30 September 2015	1,519,301	453,003	5,845,656	7,817,960	268,622	8,086,582
At 1 April 2016	1,519,301	362,598	5,930,722	7,812,621	307,307	8,119,928
Profit for the period	-	-	213,232	213,232	124,350	337,582
Other comprehensive loss for the period: Exchange differences on translation of foreign operations	-	(288,138)	-	(288,138)	(9,983)	(298,121)
Total comprehensive income/(loss) for the period	-	(288,138)	213,232	(74,906)	114,367	39,461
Final dividend in respect of previous financial year	-	-	(90,054)	(90,054)	-	(90,054)
At 30 September 2016	1,519,301	74,460	6,053,900	7,647,661	421,674	8,069,335

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Six months ended 30 September	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		569,790	604,196
Adjustments for:			
Finance costs	4	57,582	46,397
Share of loss of an associate		190	141
Interest income	3	(3,509)	(2,419)
Depreciation	5	1,969	4,005
Gain on disposal of a subsidiary		–	(7,360)
Loss/(gain) on disposal of items of property, plant and equipment		181	(92)
Fair value gains on investment properties, net		<u>(140,362)</u>	<u>(440,888)</u>
		485,841	203,980
Decrease in properties held for sale under development and completed properties held for sale		318,041	69,687
Increase in trade receivables		(435)	(1,592)
Decrease/(increase) in prepayments, deposits and other receivables		42,657	(24,885)
Decrease in trade payables and accrued liabilities		(184,843)	(37,813)
Increase/(decrease) in customer deposits		<u>(409,988)</u>	<u>450,024</u>
Cash generated from operations		251,273	659,401
Overseas taxes paid		<u>(63,436)</u>	<u>(55,397)</u>
Net cash flows from operating activities		<u>187,837</u>	<u>604,004</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		3,509	2,419
Purchases of items of property, plant and equipment		(59,387)	(4,581)
Proceeds from disposal of items of property, plant and equipment		276	341
Disposal of a subsidiary		–	13,442
Additions to investment properties		(105,893)	(251,791)
Decrease in pledged deposits		64,443	132,847
Decrease/(increase) in non-pledged time deposits with original maturity of more than three months when acquired		50,047	(126,985)
Decrease in balance due to an associate		(5,750)	–
Acquisition of subsidiaries	11	<u>(136,455)</u>	<u>–</u>
Net cash flows used in investing activities		<u>(189,210)</u>	<u>(234,308)</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

	Six months ended	
	30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(105,250)	(110,135)
New bank loans	39,486	1,109,043
Repayment of bank loans	(341,925)	(695,549)
Dividend paid	(90,054)	(90,054)
	<u>(497,743)</u>	<u>213,305</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
	(499,116)	583,001
Cash and cash equivalents at beginning of period	1,646,087	535,549
Effect of foreign exchange rates changes, net	(49,128)	(8,782)
	<u>1,097,843</u>	<u>1,109,768</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,097,843	1,039,768
Non-pledged time deposits	2,533	202,584
	<u>1,100,376</u>	<u>1,242,352</u>
Cash and bank balances as stated in the condensed consolidated statement of financial position	1,100,376	1,242,352
Non-pledged time deposits with original maturity of more than three months when acquired	(2,533)	(132,584)
	<u>1,097,843</u>	<u>1,109,768</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The unaudited condensed interim consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

The unaudited condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2016.

The financial information relating to the year ended 31 March 2016 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 September 2016 as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “Companies Ordinance”) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 March 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s auditor has reported on those consolidated financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The condensed interim consolidated financial statements have been prepared under the historical cost convention, except for certain investment properties, which have been measured at fair value. The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2016, except as described below. In the current period, the Group has applied, for the first time, the following revised Hong Kong Financial Reporting Standards (“HKFRSs”, which include all HKFRSs, HKASs and Interpretations) issued by the HKICPA which are effective for the Group’s financial year beginning on 1 April 2016.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs

The adoption of the above revised HKFRSs has had no significant financial effect on this interim financial information and there have been no significant changes to the accounting policies applied in this interim financial information.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. OPERATING SEGMENT INFORMATION

The Group is principally engaged in property development, property investment and property related activities. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Operating segments are reported in a manner consistent with the internal reporting provided to key management personnel.

	Six months ended 30 September 2016 (Unaudited)			
	Property development	Property investment	Others	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue:				
Sales to external customers	<u>1,168,029</u>	<u>88,416</u>	<u>13,066</u>	<u>1,269,511</u>
Segment results	<u>453,336</u>	<u>191,894</u>	<u>(1,040)</u>	<u>644,190</u>
<i>Reconciliation:</i>				
Interest income				3,509
Unallocated expenses				(20,137)
Finance costs				(57,582)
Share of loss of an associate				<u>(190)</u>
Profit before tax				<u>569,790</u>

	Six months ended 30 September 2015 (Unaudited)			
	Property development	Property investment	Others	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue:				
Sales to external customers	<u>485,921</u>	<u>87,822</u>	<u>20,439</u>	<u>594,182</u>
Segment results	<u>166,277</u>	<u>503,030</u>	<u>(3,290)</u>	<u>666,017</u>
<i>Reconciliation:</i>				
Interest income				2,419
Unallocated expenses				(17,702)
Finance costs				(46,397)
Share of loss of an associate				<u>(141)</u>
Profit before tax				<u>604,196</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. OPERATING SEGMENT INFORMATION *(Continued)*

	At 30 September 2016 (Unaudited)			
	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	2,885,605	13,042,768	2,027,427	17,955,800
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(3,011,885)
Investment in a joint venture				199
Investment in an associate				360,161
Corporate and other unallocated assets				<u>1,178,160</u>
Total assets				<u><u>16,482,435</u></u>
Segment liabilities	2,400,528	990,781	1,031,633	4,422,942
<i>Reconciliation:</i>				
Elimination of intersegment payables				(3,011,885)
Corporate and other unallocated liabilities				<u>7,002,043</u>
Total liabilities				<u><u>8,413,100</u></u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. OPERATING SEGMENT INFORMATION *(Continued)*

	At 31 March 2016 (Audited)			
	Property development	Property investment	Others	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment assets	3,281,509	12,928,705	1,987,427	18,197,641
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(3,060,947)
Investment in a joint venture				199
Investment in an associate				364,764
Corporate and other unallocated assets				<u>1,857,770</u>
Total assets				<u><u>17,359,427</u></u>
Segment liabilities	3,065,023	954,338	1,122,290	5,141,651
<i>Reconciliation:</i>				
Elimination of intersegment payables				(3,060,947)
Corporate and other unallocated liabilities				<u>7,158,795</u>
Total liabilities				<u><u>9,239,499</u></u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

3. OTHER INCOME

	Six months ended	
	30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Bank interest income	3,509	2,419
Others	2,045	2,580
	5,554	4,999

4. FINANCE COSTS

	Six months ended	
	30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank loans, overdrafts and other loans	105,249	110,135
Less: Interest capitalized under property development projects	(47,667)	(63,738)
	57,582	46,397

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Six months ended	
	30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation	1,969	4,005
Employee benefit expense (including directors' remuneration)	21,933	21,203
Less: Amounts capitalized under property development projects	(7,500)	(6,800)
	14,433	14,403

6. INCOME TAX

	Six months ended	
	30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current – Outside Hong Kong	183,375	77,159
Deferred	48,833	124,199
Total tax charge for the period	232,208	201,358

No Hong Kong profits tax has been provided as the Group companies have available tax losses brought forward from prior years to offset the assessable profits generated during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$213,232,000 (2015: HK\$375,034,000) and the number of 720,429,301 ordinary shares in issue during both periods.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 September 2016 and 2015 in respect of a dilution as the Group has no potential dilutive ordinary shares in issue during both periods.

8. TRADE RECEIVABLES

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

	At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
Within 30 days	1,370	1,802
31 to 60 days	834	1,240
61 to 90 days	660	851
Over 90 days	11,590	10,126
Total	14,454	14,019

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 closely monitored by management and are provided for in full in case of non-recoverability. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

9. TRADE PAYABLES AND ACCRUED LIABILITIES

Included in the trade payables and accrued liabilities are trade payables of HK\$72,800,000 (at 31 March 2016: HK\$70,252,000). An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
Within 30 days	<u>72,800</u>	<u>70,252</u>

10. SHARE CAPITAL

There were no movements in the issued and fully paid share capital of the Company in the current interim period.

11. ACQUISITION OF SUBSIDIARIES

	At 12 July 2016 (Unaudited) HK\$'000
Property, plant and equipment	1,348
Investment property	227,683
Prepayments, deposits and other receivables	4,480
Cash and bank balances	1,135
Due to shareholders	(9,360)
Trade payables and accrued liabilities	(4,092)
Interest-bearing bank borrowings	(56,438)
Deferred tax liabilities	<u>(26,562)</u>
	138,194
Assignment of shareholders' loans	<u>9,360</u>
	<u>147,554</u>
Satisfied by:	
Cash	137,590
Tax provision	<u>9,964</u>
	<u>147,554</u>

11. ACQUISITION OF SUBSIDIARIES *(Continued)*

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries is as follows:

	<i>HK\$'000</i>
Cash consideration	(137,590)
Cash and bank balances acquired	<u>1,135</u>
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	<u>(136,455)</u>

12. CONTINGENT LIABILITIES

- (a) As at 30 September 2016, the Group has given a guarantee of HK\$36,000,000 (as at 31 March 2016 (audited): HK\$40,000,000) to a bank in connection with a facility granted to an associate and such banking facility guaranteed by the Group to the associate was utilized to the extent of HK\$36,000,000 (as at 31 March 2016 (audited): HK\$40,000,000).
- (b) As at 30 September 2016, the Group has given guarantees of HK\$1,536,000,000 (as at 31 March 2016 (audited): HK\$1,119,000,000) 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.

13. 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 30 September 2016, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	At 30 September 2016 (Unaudited) <i>HK\$'000</i>	At 31 March 2016 (Audited) <i>HK\$'000</i>
Within one year	131,661	136,037
In the second to fifth years, inclusive	195,269	209,867
After five years	<u>306,698</u>	<u>321,538</u>
	<u><u>633,628</u></u>	<u><u>667,442</u></u>

(b) As lessee

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

At 30 September 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	At 30 September 2016 (Unaudited) <i>HK\$'000</i>	At 31 March 2016 (Audited) <i>HK\$'000</i>
Within one year	18,590	22,142
In the second to fifth years, inclusive	<u>11,659</u>	<u>20,298</u>
	<u><u>30,249</u></u>	<u><u>42,440</u></u>

14. CAPITAL COMMITMENTS

At 30 September 2016, the Group had authorised and contracted capital commitments in respect of property development expenditure amounting to HK\$120,177,000 (at 31 March 2016 (audited): HK\$202,650,000).

15. RELATED PARTY TRANSACTIONS

(a) On 9 May 2016, True Light, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Rich Fate, pursuant to which True Light conditionally agreed to acquire and Rich Fate conditionally agreed to sell the entire issued share capital of Right Colour and the assignment of related shareholder's loan to True Light for an aggregate cash consideration of HK\$68,795,000, net of PRC tax which Rich Fate was required to pay in connection with the sale of the entire issued share capital of Right Colour. Right Colour indirectly holds 50% interest in an investment property in Guangzhou, PRC. As Rich Fate was beneficially owned by Dr. James Sai-Wing Wong, Chairman and substantial shareholder of the Company, the related transaction constituted a connected transaction of the Company under the Listing Rules and the approval of the independent shareholders had been obtained at the extraordinary general meeting held on 6 July 2016. The above transaction was completed on 12 July 2016.

(b) Compensation of key management personnel of the Group is as follows:

	Six months ended	
	30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short-term employee benefits	10,767	9,685
Post-employment benefits	504	516
	11,271	10,201

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

16. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

Financial assets

	Loans and receivables	
	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
Trade receivables	14,454	14,019
Financial assets included in prepayments, deposits and other receivables	54,911	53,360
Pledged deposits	77,764	142,207
Cash and bank balances	<u>1,100,376</u>	<u>1,698,667</u>
	<u>1,247,505</u>	<u>1,908,253</u>

Financial liabilities

	Financial liabilities at amortised cost	
	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
Financial liabilities included in trade payables and accrued liabilities	326,188	528,004
Interest-bearing bank borrowings	5,520,007	5,820,089
Financial liabilities included in customer deposits	24,472	23,728
Due to an associate	<u>31,740</u>	<u>37,490</u>
	<u>5,902,407</u>	<u>6,409,311</u>

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

Management has assessed that the fair values of cash and bank balances, pledged deposits, trade receivables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in customer deposits, trade payables and accrued liabilities, the current portion of interest-bearing bank borrowings and a balance with an associate approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings as at 30 September 2016 was assessed to be insignificant.

The Group did not have any financial assets measured at fair value as at 30 September 2016 and 31 March 2016.

The Group did not have any financial liabilities measured at fair value as at 30 September 2016 and 31 March 2016. As at 30 September 2016, the Group's financial liabilities not measured at fair value but for which fair values were disclosed included interest-bearing bank borrowings (non-current portion) of HK\$3,165,792,000 (as at 31 March 2016 (audited): HK\$2,925,285,000). The fair values of these financial liabilities disclosed were measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are unobservable (Level 3).

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities of the Group.

17. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These condensed interim consolidated financial statements were approved and authorised for issue by the board of directors on 29 November 2016.