



Hon Kwok Land Investment Company, Limited

Stock Code: 160



Interim Report 2017/18

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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
James Sing-Wai 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

AUDITOR

Ernst & Young

REGISTRARS

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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 2017, the Group's unaudited consolidated turnover was HK\$968 million (2016: HK\$1,270 million) and net profit attributable to shareholders amounted to HK\$2,500 million (2016: HK\$213 million), inclusive of property revaluation gain of HK\$29 million, net of deferred tax (2016: HK\$91 million). The decrease in turnover was mainly attributable to less property sales from the Group's PRC projects were recorded during the period whilst the significant increase in profit was mainly due to the recognition of gain on disposal of a bare site in Guangzhou amounted to HK\$2.4 billion. Basic earnings per share were HK\$3.471 (2016: HK\$0.296). As at 30 September 2017, the shareholders' equity amounted to HK\$10,477 million (as at 31 March 2017: HK\$7,837 million) and net assets per share attributable to shareholders were HK\$14.54 (as at 31 March 2017: HK\$10.88).

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2017 (2016: Nil).

BUSINESS REVIEW

Disposal of Properties

Dong Guan Zhuan Road 東莞莊路 project in Guangzhou, PRC

In January 2017, the Group entered into a sale and purchase agreement to dispose of its 75% interests of a bare site at Dong Guan Zhuan Road in Guangzhou, PRC via sale of its offshore holding company together with the assignment of related companies' loans for a total cash consideration of Hong Kong dollar equivalent of RMB3,181,241,120 (approximately HK\$3,581,269,000), subject to adjustments. The transaction was completed in September 2017 and the relevant gain on disposal of HK\$2.4 billion had been recognized in the financial statements during the period under review.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

Property Development and Investment

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 a total gross floor area of approximately 229,000 sq.m., is scheduled for development by phases. **Botanica Phases 1, 2 and 3** 寶翠園一、二及三期, with a total 28 blocks of over 1,280 units, were sold out and the profits derived therefrom had been recognized in the prior financial years. **Botanica Phase 4** 寶翠園四期, comprises 11 blocks of about 550 units, has also been sold out and generated sale proceeds exceeding RMB2,000 million. Four blocks of which have been delivered to individual purchasers during the period under review and the related profits were recorded in the statement of profit or loss. Delivery of individual units of the remaining blocks will be in stages commencing this month through the second quarter of next year.

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 over 80%.

Jie Fang Building 解放大廈, situated at Jiefang Road South, Yue Xiu District, is a completed 15-storey commercial/office building being held by the Group for recurrent rental income and/or investment potential.

Foundation works of the development site at **45-107 Beijing Nan Road**, Yue Xiu District are expected to be commenced in the second quarter of next year.

Nanhai, Foshan, PRC

Metropolitan Oasis 雅瑤綠洲, with a total gross floor area of approximately 273,000 sq.m., is situated in Da Li District, Nanhai and also scheduled for development by phases. Phase 1 of the project comprises 71 units of 3-storey town houses and 24 blocks of high-rise apartments of about 900 units. Nearly all of the above phase has been sold up to the date of this report, generated sale proceeds exceeding RMB1,200 million and delivery of the above sold units to individual purchasers has been substantially completed. Phase 2 of the project comprises 192 units of 3-storey town houses and portion of which has been launched to the market for pre-sale. Up to the date of this report, total contracted sales amounted to RMB371 million. Finishing/construction works of this phase are in progress and individual units are expected to be delivered/completed in stages commencing next month through the second quarter of next year.

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, reached the final stage and are scheduled to be completed in the coming months. This signature building is being developed into an 80-storey (including 5 storeys underground) commercial/office tower with a total gross floor area of 128,000 sq.m. and will be held as investment property for recurrent rental income.

The retail shops at ground floor and the first level 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 in full. 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 on top of the same podium, approximated to 100%.

Enterprise Square 僑城坊, in which the Group has 20% interest, is situated at Qiaoxiang Road North, Nanshan District. It covers a site area of 48,764 sq.m. and is being developed into 12 blocks of buildings for composite use with a total gross floor area of approximately 224,500 sq.m. About 60,000 sq.m. gross floor area of office/commercial nature have been pre-sold and generated sale proceeds exceeding RMB2.6 billion. Finishing works of the project are well in progress and the sold portions are expected to be delivered by the end of this year through first quarter of next year. Upon completion of construction, certain portion of the project of office/commercial nature will be held for recurring rental income.

Chongqing, PRC

Chongqing Hon Kwok Centre 重慶漢國中心, situated at Bei Bu Xin Qu, is a 21-storey twin-tower office building atop of a 4-storey retail/commercial podium and is currently nearly fully let.

Chongqing Jinshan Shangye Zhongxin 重慶金山商業中心, also situated at Bei Bu Xin Qu and adjacent to the above **Chongqing Hon Kwok Centre** 重慶漢國中心, is 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. The occupancy of the completed office tower is being picked up steadily whilst renovation works of the hotel/office tower are expected to be completed in the coming months.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

Property Development and Investment *(Continued)*

Hong Kong – Property Investment

The development site acquired via government public tender in prior years at **Kin Chuen Street, Kwai Chung, New Territories**, with a total gross floor area of approximately 228,000 sq.ft., will be developed for non-residential use for recurrent rental income. Its foundation works are in progress and expected to be completed in the third quarter of next year followed by superstructure works.

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 nearly 100% 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), is a 98-room boutique hotel situated at a 23-storey commercial/office building at Observatory Court, Tsim Sha Tsui and occupying total 20 floors of the said building with average occupancy rate about 85% and room rates maintained at a satisfactory level. The remaining floors of the above building are being leased out for commercial use including a restaurant.

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 rate of 100%.

CHAIRMAN'S STATEMENT *(Continued)*

OUTLOOK

In the US, the newly nominated Fed chair is likely to adopt the existing policy and impose gradual monetary policy tightening whilst the extension of quantitative easing in Eurozone, albeit cut in scale, is expected to sustain its moderate recovery.

In Mainland China, the issue that houses are built to be inhabited and not for speculating on was readdressed during the 19th Communist Party Congress and it is likely that the Central Government will continue its tightening measures on the property market especially curbing overheated cities with exaggerated home price growth. In addition, promotion of rental housing is also expected to divert home purchase demand and thus alleviating supply shortages so that the property market could remain stable.

In Hong Kong, primary sales remained robust and secondary transaction volumes showed signs of stabilization. Barring unforeseen circumstances, market share of the primary market is likely to rise gradually in the near term as developers may speed up asset turnover and certain demand is being drawn from the secondary market. It is expected that the government's housing policy will focus on increasing supply rather than curbing demand. On the other hand, prices and rental of Grade A office buildings in core districts are expected to continue their uptrend on the back of strong demand from Chinese institutions.

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

James Sai-Wing Wong
Chairman

Hong Kong, 28 November 2017

GENERAL INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2017, 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	351,479,324	63.75
	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 2017, 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 2017, 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 2017, 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 2017.

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.

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 2017.

GENERAL INFORMATION *(Continued)*

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 2017, 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.

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 A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Dr. Daniel Chi-Wai Tse and Mr. Zuo Xiang, independent non-executive directors of the Company, did not attend the 2017 annual general meeting of the Company held on 25 August 2017 due to their own business engagements or other commitments.
5. 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 2017 have not been audited, but have been reviewed by the Audit Committee.

GENERAL INFORMATION *(Continued)*

FINANCIAL REVIEW

Liquidity and financial resources

The total interest-bearing debts of the Group amounted to approximately HK\$5,008 million as at 30 September 2017 (as at 31 March 2017: HK\$5,410 million), of which approximately 49% (as at 31 March 2017: 31%) of the debts were classified as current liabilities. Included therein were debts of HK\$142 million (as at 31 March 2017: HK\$148 million) related to bank loans with repayable on demand clause and HK\$1,270 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 excluding the scheduled repayment as mentioned below was approximately 7%. Upon completion of disposal of the bare site in Guangzhou during the period, surplus funding derived therefrom was being/is scheduled to be utilized for repayment of bank loans.

Total cash and bank balances including time deposits were approximately HK\$3,303 million as at 30 September 2017 (as at 31 March 2017: HK\$2,269 million) and the increase was mainly due to surplus cash being retained resulted from completion of disposal of the abovementioned bare site. Included in cash and bank balances are restricted bank deposits of HK\$447 million (as at 31 March 2017: HK\$750 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\$1,524 million at period end available for its working capital purpose.

Total shareholders' funds as at 30 September 2017 were approximately HK\$10,477 million (as at 31 March 2017: HK\$7,837 million). The increase was mainly due to current period's profit attributable to shareholders.

The gearing ratio of the Group, as measured by the net interest-bearing debts of approximately HK\$1,705 million (as at 31 March 2017: HK\$3,141 million) over the shareholders' funds plus non-controlling interests totalling of approximately HK\$10,564 million (as at 31 March 2017: HK\$8,244 million), was 16% as at 30 September 2017 (as at 31 March 2017: 38%).

Funding and treasury policies

There are no significant changes in the Group's funding and treasury policies. As at 30 September 2017, the Group had no material exposure under foreign exchange contracts or any other hedging instruments.

FINANCIAL REVIEW *(Continued)*

Pledge of assets

Properties with an aggregate carrying value of approximately HK\$12,983 million as at 30 September 2017 were pledged to secure certain banking facilities of the Group.

Employees and remuneration policies

The Group, not including its joint venture and an associate, employed approximately 350 employees as at 30 September 2017. 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

	<i>Notes</i>	Six months ended 30 September	
		2017 (Unaudited) <i>HK\$'000</i>	2016 (Unaudited) <i>HK\$'000</i>
Revenue	2	967,742	1,269,511
Cost of sales		(501,644)	(689,554)
Gross profit		466,098	579,957
Other income	3	8,021	5,554
Fair value gains on investment properties, net		6,719	140,362
Gain on disposal of subsidiaries	4	2,398,589	–
Administrative expenses		(43,268)	(37,593)
Other operating expenses, net		(25,215)	(60,718)
Finance costs	5	(50,806)	(57,582)
Share of loss of an associate		(345)	(190)
Profit before tax	6	2,759,793	569,790
Income tax expense	7	(183,970)	(232,208)
Profit for the period		2,575,823	337,582
Attributable to:			
Owners of the Company		2,500,489	213,232
Non-controlling interests		75,334	124,350
		2,575,823	337,582
Earnings per share attributable to ordinary equity holders of the Company			
Basic and diluted	8	HK\$3.471	HK\$0.296

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended	
	30 September	
	2017	2016
	(Unaudited)	(Unaudited)
<i>Note</i>	HK\$'000	HK\$'000
Profit for the period	2,575,823	337,582
Other comprehensive income/(loss)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive income/(loss) of an associate	4,197	(4,413)
Release of exchange fluctuation reserve upon disposal of subsidiaries	4 (69,606)	–
Exchange differences on translation of foreign operations	307,359	(293,708)
Other comprehensive income/(loss) for the period, net of tax	241,950	(298,121)
Total comprehensive income for the period	2,817,773	39,461
Attributable to:		
Owners of the Company	2,729,956	(74,906)
Non-controlling interests	87,817	114,367
	2,817,773	39,461

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2017 (Unaudited) HK\$'000	At 31 March 2017 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		81,357	80,673
Investment properties		13,029,662	12,462,284
Investment in a joint venture		199	199
Investment in an associate		<u>360,828</u>	<u>356,976</u>
Total non-current assets		<u>13,472,046</u>	<u>12,900,132</u>
CURRENT ASSETS			
Tax recoverable		235	227
Properties held for sale under development and completed properties held for sale		2,220,061	2,223,805
Trade receivables	9	21,059	19,894
Prepayments, deposits and other receivables		231,017	191,168
Cash and bank balances		<u>3,302,576</u>	<u>2,268,570</u>
		5,774,948	4,703,664
Assets of a disposal group classified as held for sale	4	<u>—</u>	<u>482,001</u>
Total current assets		<u>5,774,948</u>	<u>5,185,665</u>
CURRENT LIABILITIES			
Trade payables and accrued liabilities	10	358,081	625,445
Due to an associate		26,002	31,740
Interest-bearing bank borrowings		2,477,457	1,653,208
Customer deposits		1,730,558	2,335,704
Tax payable		<u>208,654</u>	<u>110,990</u>
		4,800,752	4,757,087
Liabilities directly associated with the assets classified as held for sale	4	<u>—</u>	<u>120</u>
Total current liabilities		<u>4,800,752</u>	<u>4,757,207</u>
NET CURRENT ASSETS		<u>974,196</u>	<u>428,458</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>14,446,242</u>	<u>13,328,590</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	<i>Note</i>	At 30 September 2017 (Unaudited) HK\$'000	At 31 March 2017 (Audited) HK\$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		2,530,474	3,756,324
Deferred tax liabilities		1,352,206	1,328,394
Total non-current liabilities		3,882,680	5,084,718
Net assets		10,563,562	8,243,872
EQUITY			
Equity attributable to owners of the Company			
Share capital	11	1,519,301	1,519,301
Reserves		8,957,526	6,317,624
		10,476,827	7,836,925
Non-controlling interests		86,735	406,947
Total equity		10,563,562	8,243,872

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company				Non- controlling interests (Unaudited) HK\$'000	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		
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	<u>1,519,301</u>	<u>74,460</u>	<u>6,053,900</u>	<u>7,647,661</u>	<u>421,674</u>	<u>8,069,335</u>
At 1 April 2017	1,519,301	(107,923)	6,425,547	7,836,925	406,947	8,243,872
Profit for the period	-	-	2,500,489	2,500,489	75,334	2,575,823
Other comprehensive income/(loss) for the period: Release of exchange fluctuation reserve upon disposal of subsidiaries	-	(69,606)	-	(69,606)	-	(69,606)
Exchange differences on translation of foreign operations	-	299,073	-	299,073	12,483	311,556
Total comprehensive income for the period	-	229,467	2,500,489	2,729,956	87,817	2,817,773
Disposal of subsidiaries	-	-	-	-	(64,621)	(64,621)
Dividend paid to non-controlling interests	-	-	-	-	(343,408)	(343,408)
Final dividend in respect of previous financial year	-	-	(90,054)	(90,054)	-	(90,054)
At 30 September 2017	<u>1,519,301</u>	<u>121,544</u>	<u>8,835,982</u>	<u>10,476,827</u>	<u>86,735</u>	<u>10,563,562</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
Notes	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,759,793	569,790
Adjustments for:		
Finance costs	5 50,806	57,582
Share of loss of an associate	345	190
Interest income	3 (4,863)	(3,509)
Depreciation	6 2,912	1,969
Gain on disposal of subsidiaries	4 (2,398,589)	–
Gain on disposal of investment properties	(146)	–
Loss on disposal of items of property, plant and equipment	14	181
Fair value gains on investment properties, net	(6,719)	(140,362)
	403,553	485,841
Decrease in properties held for sale under development and completed properties held for sale	179,222	318,041
Increase in trade receivables	(1,165)	(435)
Decrease/(increase) in prepayments, deposits and other receivables	(27,970)	42,657
Decrease in trade payables and accrued liabilities	(394,189)	(184,843)
Decrease in customer deposits	(687,243)	(409,988)
	(527,792)	251,273
Cash generated from/(used in) operations	(110,957)	(63,436)
Overseas taxes paid	(110,957)	(63,436)
	(638,749)	187,837
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	4,863	3,509
Purchases of items of property, plant and equipment	(860)	(59,387)
Proceeds from disposal of investment properties	1,796	–
Proceeds from disposal of items of property, plant and equipment	5	276
Disposal of subsidiaries	4 2,769,302	–
Additions to investment properties	(196,299)	(105,893)
Decrease in pledged deposits	–	64,443
Decrease in non-pledged time deposits with original maturity of more than three months when acquired	340,807	50,047
Decrease in balance due to an associate	(5,738)	(5,750)
Acquisition of subsidiaries	–	(136,455)
	2,913,876	(189,210)
Net cash flows from/(used in) investing activities	2,913,876	(189,210)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

	Six months ended	
	30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(97,992)	(105,250)
New bank loans	208,674	39,486
Repayment of bank loans	(657,934)	(341,925)
Dividend paid	(90,054)	(90,054)
Dividend paid to non-controlling interests	(343,408)	—
	<u>(980,714)</u>	<u>(497,743)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
	1,294,413	(499,116)
Cash and cash equivalents at beginning of period	1,925,393	1,646,087
Effect of foreign exchange rates changes, net	80,167	(49,128)
	<u>3,299,973</u>	<u>1,097,843</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	3,147,323	1,097,843
Non-pledged time deposits	155,253	2,533
	<u>3,302,576</u>	<u>1,100,376</u>
Cash and bank balances as stated in the condensed consolidated statement of financial position	3,302,576	1,100,376
Non-pledged time deposits with original maturity of more than three months when acquired	(2,603)	(2,533)
	<u>3,299,973</u>	<u>1,097,843</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 2017.

The financial information relating to the year ended 31 March 2017 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 September 2017 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 2017 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 unaudited 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, and disposal group held for sale which has been stated at the lower of its carrying amount and fair value less cost to sell. The accounting policies adopted in the preparation of the unaudited 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 2017, 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 2017.

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
<i>Annual Improvements</i>	<i>Amendments to HKFRS 12 Disclosure of Interests in</i>
<i>2012-2014 Cycle</i>	<i>Other Entities</i>

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.

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 2017 (Unaudited)				
	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:				
Sales to external customers	<u>863,047</u>	<u>93,717</u>	<u>10,978</u>	<u>967,742</u>
Segment results	<u>384,168</u>	<u>52,008</u>	<u>(208)</u>	<u>435,968</u>
<i>Reconciliation:</i>				
Interest income				4,863
Unallocated expenses				(28,476)
Finance costs				(50,806)
Gain on disposal of subsidiaries				2,398,589
Share of loss of an associate				<u>(345)</u>
Profit before tax				<u>2,759,793</u>

Six months ended 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 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>

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

2. OPERATING SEGMENT INFORMATION *(Continued)*

	At 30 September 2017 (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	2,549,972	14,091,282	1,768,863	18,410,117
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(2,826,961)
Investment in a joint venture				199
Investment in an associate				360,828
Corporate and other unallocated assets				<u>3,302,811</u>
Total assets				<u><u>19,246,994</u></u>
Segment liabilities	2,849,125	1,035,279	1,057,198	4,941,602
<i>Reconciliation:</i>				
Elimination of intersegment payables				(2,826,961)
Corporate and other unallocated liabilities				<u>6,568,791</u>
Total liabilities				<u><u>8,683,432</u></u>

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

2. OPERATING SEGMENT INFORMATION *(Continued)*

	At 31 March 2017 (Audited)			
	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	2,506,621	13,546,455	2,020,792	18,073,868
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(3,096,044)
Investment in a joint venture				199
Investment in an associate				356,976
Assets of a disposal group classified as held for sale				482,001
Corporate and other unallocated assets				<u>2,268,797</u>
Total assets				<u><u>18,085,797</u></u>
Segment liabilities	3,985,976	1,022,394	1,080,563	6,088,933
<i>Reconciliation:</i>				
Elimination of intersegment payables				(3,096,044)
Liabilities directly associated with the assets classified as held for sale				120
Corporate and other unallocated liabilities				<u>6,848,916</u>
Total liabilities				<u><u>9,841,925</u></u>

3. OTHER INCOME

	Six months ended 30 September	
	2017 (Unaudited) <i>HK\$'000</i>	2016 (Unaudited) <i>HK\$'000</i>
Bank interest income	4,863	3,509
Others	<u>3,158</u>	<u>2,045</u>
	<u><u>8,021</u></u>	<u><u>5,554</u></u>

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

4. GAIN ON DISPOSAL OF SUBSIDIARIES/DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 19 January 2017, the Company announced the decision of its board of directors to dispose of Smooth Ever Investments Limited, a wholly-owned subsidiary of the Company, and its subsidiaries (“Smooth Ever Group”). Smooth Ever Group was engaged in property development business. The above transaction was subsequently completed in September 2017.

The net assets disposed of in the above transaction are as follows:

	(Unaudited)
	HK\$'000
<hr/>	
Net assets disposed of:	
Property, plant and equipment	26
Properties held for sale under development	504,857
Prepayments, deposits and other receivables	78
Cash and bank balances	169
Due to a shareholder and a related company	(375,080)
Other payables and accrued liabilities	(21)
Non-controlling interests	<u>(64,621)</u>
	65,408
Assignment of loans from a shareholder and a related company	<u>375,080</u>
	440,488
Exchange fluctuation reserve	(69,606)
Gain on disposal of subsidiaries	<u>2,398,589</u>
Consideration received	<u><u>2,769,471</u></u>
Satisfied by:	
Cash consideration	3,585,536
Less: Direct transaction costs incurred	<u>(816,065)</u>
	<u><u>2,769,471</u></u>

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

4. GAIN ON DISPOSAL OF SUBSIDIARIES/DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

(Continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	<i>HK\$'000</i>
Cash consideration	2,769,471
Cash and bank balances disposed of	<u>(169)</u>
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	<u><u>2,769,302</u></u>

As at 31 March 2017, as the disposal of Smooth Ever Group was still pending for completion, it was classified as a disposal group held for sale.

The major classes of assets and liabilities of Smooth Ever Group classified as held for sale as at 31 March 2017 were as follows:

	2017 (Audited) <i>HK\$'000</i>
Assets	
Property, plant and equipment	43
Properties held for sale under development	481,586
Prepayments, deposits and other receivables	139
Cash and bank balances	<u>233</u>
Assets of a disposal group classified as held for sale	<u>482,001</u>
Liabilities	
Other payables and accrued liabilities	<u>120</u>
Liabilities directly associated with the assets classified as held for sale	<u>120</u>
Net assets directly associated with the disposal group	<u><u>481,881</u></u>

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

5. FINANCE COSTS

	Six months ended	
	30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank loans, overdrafts and other loans	97,992	105,249
Less: Interest capitalized under property development projects	<u>(47,186)</u>	<u>(47,667)</u>
	<u>50,806</u>	<u>57,582</u>

6. PROFIT BEFORE TAX

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

	Six months ended	
	30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation	2,912	1,969
Employee benefit expense (including directors' remuneration)	25,244	21,933
Less: Amounts capitalized under property development projects	<u>(7,900)</u>	<u>(7,500)</u>
	<u>17,344</u>	<u>14,433</u>

7. INCOME TAX

	Six months ended	
	30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current – Outside Hong Kong	206,406	183,375
Deferred	(22,436)	48,833
Total tax charge for the period	<u>183,970</u>	<u>232,208</u>

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.

8. 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\$2,500,489,000 (2016: HK\$213,232,000) 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 2017 and 2016 in respect of a dilution as the Group has no potential dilutive ordinary shares in issue during both periods.

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

9. 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 2017 (Unaudited) HK\$'000	At 31 March 2017 (Audited) HK\$'000
Within 30 days	1,589	2,149
31 to 60 days	1,074	1,769
61 to 90 days	541	1,189
Over 90 days	<u>17,855</u>	<u>14,787</u>
Total	<u><u>21,059</u></u>	<u><u>19,894</u></u>

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.

10. TRADE PAYABLES AND ACCRUED LIABILITIES

Included in the trade payables and accrued liabilities are trade payables of HK\$44,817,000 (as at 31 March 2017: HK\$25,174,000). 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 2017 (Unaudited) HK\$'000	At 31 March 2017 (Audited) HK\$'000
Within 30 days	<u><u>44,817</u></u>	<u><u>25,174</u></u>

11. SHARE CAPITAL

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

12. CONTINGENT LIABILITIES

- (a) As at 30 September 2017, the Group has given a guarantee of HK\$32,000,000 (as at 31 March 2017 (audited): HK\$36,000,000) 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\$32,000,000 (as at 31 March 2017 (audited): HK\$36,000,000).
- (b) As at 30 September 2017, the Group has given guarantees of HK\$1,925,000,000 (as at 31 March 2017 (audited): HK\$2,145,000,000) 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 ownership 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 fifteen 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 2017, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	At 30 September 2017 (Unaudited) HK\$'000	At 31 March 2017 (Audited) HK\$'000
Within one year	114,362	109,028
In the second to fifth years, inclusive	176,146	182,977
After five years	277,083	279,333
	567,591	571,338

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

13. 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 five years.

At 30 September 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	At 30 September 2017 (Unaudited) <i>HK\$'000</i>	At 31 March 2017 (Audited) <i>HK\$'000</i>
Within one year	12,366	17,505
In the second to fifth years, inclusive	<u>174</u>	<u>3,722</u>
	<u><u>12,540</u></u>	<u><u>21,227</u></u>

14. CAPITAL COMMITMENTS

At 30 September 2017, the Group had authorised and contracted capital commitments in respect of property development expenditure amounting to HK\$216,027,000 (at 31 March 2017 (audited): HK\$298,529,000).

15. RELATED PARTY TRANSACTIONS

- (a) During the period, the Group paid development expenditure relating to foundation construction works to an indirect wholly-owned subsidiary of Chinney Kin Wing Holdings Limited amounted to HK\$71,908,000 (2016: Nil). The above transaction was negotiated between the concerned parties by reference to prevailing market rate. The transaction constituted a connected transaction of the Company and was approved by the independent shareholders of the Company at an extraordinary general meeting held on 7 November 2016.
- (b) Compensation of key management personnel of the Group is as follows:

	Six months ended	
	30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short-term employee benefits	12,057	10,767
Post-employment benefits	555	504
	12,612	11,271

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	31 March
	2017	2017
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Trade receivables	21,059	19,894
Financial assets included in prepayments, deposits and other receivables	62,045	63,864
Cash and bank balances	3,302,576	2,268,570
	3,385,680	2,352,328

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

	Financial liabilities at amortised cost	
	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
Financial liabilities included in trade payables and accrued liabilities	353,236	621,036
Interest-bearing bank borrowings	5,007,931	5,409,532
Financial liabilities included in customer deposits	27,303	25,060
Due to an associate	26,002	31,740
	<u>5,414,472</u>	<u>6,087,368</u>

Management has assessed that the fair values of cash and bank balances, 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 2017 was assessed to be insignificant.

The Group did not have any financial assets measured at fair value as at 30 September 2017 and 31 March 2017.

The Group did not have any financial liabilities measured at fair value as at 30 September 2017 and 31 March 2017. As at 30 September 2017, 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\$2,530,474,000 (as at 31 March 2017 (audited): HK\$3,756,324,000). 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 28 November 2017.