Hon Kwok Land Investment Company, Limited

Stock Code: 160

Interim Report 2013/14

CONTENTS

CORPORATE INFORMATION

DIRECTORS

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

** Independent non-executive directors*

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

SECRETARY

Thomas Hang-Cheong Ma

PRINCIPAL BANKERS

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

AUDITORS

Ernst & Young

REGISTRARS

Tricor Tengis Limited
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Tesbury Centre
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Hong Kong

REGISTERED OFFICE

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STOCK CODE

SEHK 160

WEBSITE

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FINANCIAL RESULTS

The Group's unaudited consolidated turnover and net profit attributable to shareholders for the six months ended 30 September 2013 amounted to HK$148 million (2012: HK$91 million) and HK$344 million (2012: HK$227 million), respectively. Basic earnings per share were 71.62 Hong Kong cents (2012: 47.20 Hong Kong cents). As at 30 September 2013, the shareholders' equity amounted to HK$5,263 million (as at 31 March 2013: HK$4,922 million) and net assets per share attributable to shareholders were HK$10.96 (as at 31 March 2013: HK$10.25).

The increase in profit was mainly attributable to the recognition of property revaluation gain, net of deferred tax, of HK$332 million (2012: HK$219 million).

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2013 (2012: Nil).

BUSINESS REVIEW

Property Development and Sales

Botanica Phase 3 寶翠園三期, Guangzhou, PRC

The Botanica 寶翠園, with total gross floor area of approximately 229,000 sq.m., is situated in the greenery zone of Tian He District near the Botanical Garden. It comprises 39 blocks of high-rise residential building and is scheduled for development and pre-sale by phases. In the prior financial years, **Botanica Phases 1 and 2** 寶翠園一及二期, with total 16 blocks of over 750 units, had been sold out and profits derived therefrom had been recognized in the income statements. Foundation works of **Botanica Phase 3** 寶翠園三期, comprises 12 blocks of about 530 units, have been completed and superstructure works are progressing by stages.

Metropolitan Oasis 雅瑤綠洲, Nanhai, PRC

The whole project, situated in Da Li District, Nanhai, is scheduled for development by phases with total gross floor area of approximately 273,000 sq.m. Phase I of the project comprises 71 units of 3-storey completed town houses of about 18,000 sq.m. and 24 blocks of high-rise apartments of about 121,000 sq.m. under construction which are expected to be completed by stages commencing in the current financial year through 2015/16. Up to the date of this report, about 70% of the above town houses and four blocks of apartment units have been sold, generated sale proceeds exceeding RMB250 million. The delivery of town houses to individual purchasers is in progress and profits derived therefrom have been recognized in the income statements whereas the above four blocks of apartment units are under internal finishing and will be delivered to purchasers at a later stage.

BUSINESS REVIEW *(Continued)*

Property Development and Sales *(Continued)*

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

The project at Dong Guan Zhuan Road, Tian He District and another one at 45-107 Beijing Nan Road, Yue Xiu District are both under the planning and design stage.

Enterprise Square 僑城坊, Shenzhen, PRC

The vacant site, situated at Qiaoxiang Road North, Nanshan District, is to be developed into a group of buildings for composite use with total gross floor area of approximately 224,500 sq.m. Its foundation works are well in progress. The Group has 20% interest in this project which is expected to be benefited by the on-going development of Qianhai special pilot zone.

Property Investment

Shenzhen, PRC

Superstructure 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 total gross floor area of 128,000 sq.m., are in progress. Construction of this 80-storey commercial/office/residential tower is expected to be completed in 2015 and the Group plans to hold this signature building for recurrent rental income.

The ground level retail shops and level 2 of the 5-storey commercial podium of **City Square** 城市天地廣場, situated at Jia Bin Road, Luo Hu District, are fully let. **The Bauhinia Hotel (Shenzhen)** 寶軒酒店（深圳）, a 162-room hotel at levels 3 to 5 of the above podium and **City Suites** 寶軒公寓, a 64-unit serviced apartments atop of the same podium, both maintain average occupancy and room rates at a satisfactory level.

Guangzhou, PRC

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

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

BUSINESS REVIEW *(Continued)*

Property Investment *(Continued)*

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 and situated in Bei Bu Xin Qu, is fully let.

Jinshan Shangye Zhongxin 金山商業中心, with total gross floor area of 133,502 sq.m., is also situated in Bei Bu Xin Qu and adjacent to the above **Chongqing Hon Kwok Centre** 重慶漢國中心. Construction works of this twin-tower project, being developed as a grade A office tower and a 5-star hotel plus serviced apartments building with respective retail/ commercial podium, are scheduled to be completed by the end of next month. During the period under review, a revaluation gain of HK$331 million, net of deferred tax, in respect of this project was recognized in the income statement in line with the prevailing accounting standards as such revaluation gain could be determined reliably.

Hong Kong

The occupancy rate of the retail areas at ground floor of the hotel/apartment building at Connaught Road Central and Des Voeux Road Central is currently above 80%. The average occupancy rate of **The Bauhinia Hotel (Central)** 寶軒酒店（中環）, a 42-room boutique hotel situated at four podium floors of the above building, exceeds 90% with satisfactory room rates while the current occupancy rate of **The Bauhinia** 寶軒, a 171-room serviced apartments atop of the above hotel, is over 80%.

The Bauhinia Hotel (TST) 寶軒酒店（尖沙咀）, a 44-room boutique hotel situated at the upper portion of a 23-storey commercial/office building at Observatory Court, Tsim Sha Tsui, maintains an average occupancy rate nearly 80% with satisfactory room rates. Renovation works for conversion of the lower floors of the above building into additional 54 hotel rooms are expected to be completed before the coming Chinese New Year and upon completion, the whole building will comprise a 20-storey boutique hotel with a total of 98 rooms and the remaining floors for commercial use.

Hon Kwok Jordan Centre 漢國佐敦中心, a 23-storey commercial/office building well located at Hillwood Road, Tsim Sha Tsui, is currently being occupied up to 95%.

OUTLOOK

The US economy grew faster than expected in the third quarter and the recent release of economic data also showed signs of improvement. On the other hand, Eurozone economy continues to be volatile that led to an interest rate cut to a record low early this month in response to a slump in inflation.

In Mainland China, its GDP growth rebounded in the third quarter and it is likely that the full-year target of 7.5% for 2013 could be achieved. In view of the rise in property prices throughout the year in major cities as well as numerous record-breaking land prices transacted in previous months, the Central Government is not expected to relax the existing administrative measures in order to curb the overheated property market. Nevertheless, with the continued support for first-time home buyers by the Central Government coupled with the urbanization scheme, housing market is expected to be sustainable.

The Hong Kong property price movement in the near term may still be dominated by the US Federal Reserve's timeline of its QE3 tapering and any possible postponement of which is likely to lend support to the local property prices.

Finally, I would like to thank my fellow directors for their contributions and all staff members for their loyalty and efforts during the period under review.

James Sai-Wing Wong
Chairman

Hong Kong, 28 November 2013

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2013, 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 share capital
James Sai-Wing Wong	*1 & 2*	Through controlled corporation	268,198,553	55.84
Madeline May-Lung Wong	*1 & 2*	Through controlled corporation	267,960,553	55.79
Herman Man-Hei Fung	*1*	Beneficially owned	220,000	0.05

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

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

Name of director	*Notes*	Name of associated corporation	Capacity and nature of interest	Number of ordinary shares/ amount of paid-up registered capital held	Percentage of the associated corporation's issued share capital/paid-up registered capital
James Sai-Wing Wong	*1 & 3*	Chinney Investments, Limited ("Chinney Investments")	Through controlled corporation	330,759,324	59.99
	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	10,000	50.00
	1 & 5	Guangzhou Honkwok Fuqiang Land Development Ltd.	Through controlled corporation	RMB185,000,000	100.00
	1 & 6	Chinney Trading Company Limited ("Chinney Trading")	Through controlled corporation	10,400	80.00
Madeline May-Lung Wong	*1 & 3*	Chinney Investments	Through controlled corporation	330,759,324	59.99
	1 & 4	Chinney Holdings	Through controlled corporation	9,900,000	99.00
	1	Lucky Year	Beneficially owned	10,000	50.00

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 268,198,553 shares, 267,960,553 shares are beneficially held by Chinney Investments, which is a subsidiary of Chinney Holdings. More than one-third of the equity capital of Chinney Holdings is owned by Lucky Year of which James Sai-Wing Wong and Madeline May-Lung Wong are also directors and have beneficial interests therein and the remaining 238,000 shares are held by Chinney Capital Limited of which James Sai-Wing Wong is a director and has beneficial interests therein.*

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

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

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

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

Save as disclosed herein, as at 30 September 2013, none of the directors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be recorded in the register kept by the Company under Section 352 of the SFO, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 September 2013, so far as is known to the directors of the Company, the following substantial shareholders and other persons (other than directors of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name	*Notes*	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Chinney Investments	*1 & 2*	Directly beneficially owned	267,960,553	55.79
Chinney Holdings	*1 & 2*	Through controlled corporation	267,960,553	55.79
Lucky Year	*1 & 2*	Through controlled corporation	267,960,553	55.79

Notes:

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

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

Save as disclosed herein, as at 30 September 2013, none of the substantial shareholders or other persons (other than the directors of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

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 2013.

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

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

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

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

In June 2012, the outstanding amount of the above loan facilities was being refinanced by a new syndicated loan as detailed in (b) below.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE (THE "LISTING RULES") *(Continued)*

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

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

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

CONNECTED TRANSACTION

On 18 September 2012, the Group entered into an agreement to subscribe for a 20% equity interest in Chinney Trading at a cash consideration of HK$368,537,000. For details, please refer to the Company's circular dated 25 October 2012. The above subscription constituted a major and connected transaction to the Company under the Listing Rules and was approved by the Company's independent shareholders at an extraordinary general meeting held on 9 November 2012. The above transaction was completed in February 2013.

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 2013.

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 2013, 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.

CORPORATE GOVERNANCE *(Continued)*

Compliance with the Corporate Governance Code *(Continued)*

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

3. CG Code provision 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 collectively reviews and approves the appointment of any new director as this allows a more informed and balanced decision to be made by the Board as to suitability for the role.

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. Mr. Xiao-Ping Li, executive director of the Company, Madam Madeline May-Lung Wong and Dr. Emily Yen Wong, non-executive directors of the Company and Dr. Daniel Chi-Wai Tse and Mr. Kenneth Kin-Hing Lam, independent non-executive directors of the Company, did not attend the 2013 annual general meeting of the Company held on 29 August 2013 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 Kenneth Kin-Hing Lam, Daniel Chi-Wai Tse and Hsin-Kang Chang.

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 2013 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$4,199 million as at 30 September 2013 (as at 31 March 2013: HK$3,569 million), of which approximately 50% (as at 31 March 2013: 37%) of the debts were classified as current liabilities. Included therein were debts of HK$209 million (as at 31 March 2013: HK$184 million) related to bank loans with repayable on demand clause and HK$1,538 million related to project 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 8%. The increase in total debts was mainly due to the refinancing of an investment property with increased facility and the drawdown of construction bank loans for mainland development projects.

Total cash and bank balances including time deposits were approximately HK$712 million as at 30 September 2013 (as at 31 March 2013: HK$535 million). The Group had committed but undrawn banking facilities of a total of approximately HK$491 million at period end available for its working capital purpose.

Total shareholders' funds as at 30 September 2013 were approximately HK$5,263 million (as at 31 March 2013: HK$4,922 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$3,487 million (as at 31 March 2013: HK$3,034 million) over the shareholders' funds plus non-controlling interests totalling of approximately HK$5,520 million (as at 31 March 2013: HK$5,175 million), was 63% as at 30 September 2013 (as at 31 March 2013: 59%).

Funding and treasury policies

There are no significant changes in the Group's funding and treasury policies. As at 30 September 2013, the Group had no material exposure under foreign exchange contracts or any other hedging instruments.

Pledge of assets

Properties and bank balances with an aggregate carrying value of approximately HK$7,732 million as at 30 September 2013 were pledged to secure certain banking facilities of the Group.

FINANCIAL REVIEW *(Continued)*

Employees and remuneration policies

The Group, not including its jointly-controlled entities, employed approximately 330 employees as at 30 September 2013. 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 INCOME STATEMENT

	Notes	Six months ended 30 September **2013** **(Unaudited)** ***HK$'000***	2012 (Unaudited) *HK$'000*
Revenue	2	**148,279**	91,224
Cost of sales		**(57,757)**	(37,402)
Gross profit		**90,522**	53,822
Other income	3	**4,790**	7,383
Fair value gains on investment properties, net		**443,797**	228,827
Administrative expenses		**(32,094)**	(25,785)
Other operating expenses, net		**(4,241)**	(1,869)
Finance costs	4	**(36,298)**	(25,423)
Share of profits and losses of jointly-controlled entities and an associate		**(1)**	–
Profit before tax	5	**466,475**	236,955
Income tax expense	6	**(121,218)**	(10,226)
Profit for the period		**345,257**	226,729
Attributable to:			
Owners of the Company		**343,970**	226,691
Non-controlling interests		**1,287**	38
		345,257	226,729
Earnings per share attributable to ordinary equity holders of the Company	7		
Basic and diluted		**71.62 HK cents**	47.20 HK cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September 2013 (Unaudited) HK$'000	2012 (Unaudited) HK$'000
Profit for the period	**345,257**	226,729
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**56,563**	15
Total comprehensive income for the period	**401,820**	226,744
Attributable to:		
Owners of the Company	**397,521**	226,706
Non-controlling interests	**4,299**	38
	401,820	226,744

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 September 2013 (Unaudited) HK$'000	At 31 March 2013 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**45,428**	46,412
Investment properties	8	**6,925,143**	6,098,139
Investments in jointly-controlled entities		**199**	199
Investment in an associate		**369,978**	369,979
Total non-current assets		**7,340,748**	6,514,729
CURRENT ASSETS			
Tax recoverable		**374**	1,194
Properties held for sale under development and completed properties held for sale		**2,342,767**	2,186,302
Trade receivables	9	**2,945**	1,098
Prepayments, deposits and other receivables		**59,043**	60,144
Pledged deposits		**120,110**	120,803
Cash and cash equivalents		**591,738**	414,595
Total current assets		**3,116,977**	2,784,136
CURRENT LIABILITIES			
Trade payables and accrued liabilities	10	**115,639**	92,636
Interest-bearing bank borrowings		**2,096,027**	1,304,316
Customer deposits		**130,369**	91,445
Tax payable		**73,565**	67,612
Total current liabilities		**2,415,600**	1,556,009
NET CURRENT ASSETS		**701,377**	1,228,127
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,042,125**	7,742,856
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**2,103,280**	2,264,333
Deferred tax liabilities		**418,737**	303,211
Total non-current liabilities		**2,522,017**	2,567,544
Net assets		**5,520,108**	5,175,312

	Note	At 30 September 2013 (Unaudited) HK$'000	At 31 March 2013 (Audited) HK$'000
EQUITY			
Equity attributable to owners of the Company			
Issued capital	11	**480,286**	480,286
Reserves		**4,782,244**	4,381,711
Proposed final dividend		**–**	60,036
		5,262,530	4,922,033
Non-controlling interests		**257,578**	253,279
Total equity		**5,520,108**	5,175,312

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Issued capital (Unaudited) HK$'000	Share premium account (Unaudited) HK$'000	Capital redemption reserve (Unaudited) HK$'000	Exchange fluctuation reserve (Unaudited) HK$'000	Retained profits (Unaudited) HK$'000	Proposed final dividend (Unaudited) HK$'000	Total (Unaudited) HK$'000	Non-controlling interests (Unaudited) HK$'000	Total equity (Unaudited) HK$'000
At 1 April 2012	480,286	396,352	10	561,494	2,973,937	60,036	4,472,115	248,066	4,720,181
Profit for the period	–	–	–	–	226,691	–	226,691	38	226,729
Other comprehensive income for the period: Exchange differences on translation of foreign operations	–	–	–	15	–	–	15	–	15
Total comprehensive income for the period	–	–	–	15	226,691	–	226,706	38	226,744
Final dividend in respect of previous financial year	–	–	–	–	–	(60,036)	(60,036)	–	(60,036)
At 30 September 2012	480,286	396,352	10	561,509	3,200,628	–	4,638,785	248,104	4,886,889
At 1 April 2013	480,286	396,352	10	669,585	3,315,764	60,036	4,922,033	253,279	5,175,312
Profit for the period	–	–	–	–	343,970	–	343,970	1,287	345,257
Other comprehensive income for the period: Exchange differences on translation of foreign operations	–	–	–	53,551	–	–	53,551	3,012	56,563
Total comprehensive income for the period	–	–	–	53,551	343,970	–	397,521	4,299	401,820
Others	–	–	–	–	3,012	–	3,012	–	3,012
Final dividend in respect of previous financial year	–	–	–	–	–	(60,036)	(60,036)	–	(60,036)
At 30 September 2013	**480,286**	**396,352**	**10**	**723,136**	**3,662,746**	**–**	**5,262,530**	**257,578**	**5,520,108**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net cash flows used in operating activities	**(61,212)**	(260,338)
Net cash flows used in investing activities	**(327,292)**	(254,763)
Net cash flows from financing activities	**552,124**	72,830
Net increase/(decrease) in cash and cash equivalents	**163,620**	(442,271)
Cash and cash equivalents at beginning of the period	**342,595**	828,734
Effects of foreign exchange rate changes, net	**4,523**	–
Cash and cash equivalents at end of the period	**510,738**	386,463
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**460,105**	252,051
Non-pledged time deposits	**131,633**	236,412
Cash and cash equivalents as stated in the statement of financial position	**591,738**	488,463
Less: non-pledged time deposits with original maturity of more than three months when acquired	**(81,000)**	(102,000)
Cash and cash equivalents as stated in the statement of cash flows	**510,738**	386,463

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

The unaudited condensed interim consolidated financial statements for the six months ended 30 September 2013 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 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 2013.

The accounting policies and basis of preparation adopted in the preparation of this unaudited condensed interim consolidated financial statements are consistent with those of the annual financial statements for the year ended 31 March 2013 except that the Group has adopted the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time which are pertinent to its operations and relevant to these unaudited condensed interim consolidated financial statements.

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

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

HKFRS 7 Amendments require an entity to disclose information about rights to set-off financial instrument and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with HKAS 32. The amendments do not have any material financial impact on the Group.

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

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

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e. joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The application of this new standard has no material financial impact on the Group.

HKFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities. None of these disclosure requirements are applicable for interim condensed consolidated financial statements, unless significant events and transactions in the interim period require that they are provided. Accordingly, the Group has not made such disclosures.

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

In July 2012, the HKICPA issued amendments to HKFRS 10, HKFRS 11 and HKFRS 12 which clarify the transition guidance in HKFRS 10, provide further relief from full retrospective application of these standards, and limit the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before HKFRS 12 is first applied. These amendments have no material impact on the Group.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use has already been required or permitted under other HKFRSs. The application of this new standard has no material financial impact on the Group.

HKAS 1 Amendments introduce a grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g. net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (e.g. actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments do not have any material impact on the Group.

HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. The application of this new standard does not have any material impact on the Group.

Annual Improvements 2009-2011 Cycle issued in June 2012 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has a significant financial impact on the Group.

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 2013 (Unaudited)			
	Property development *HK$'000*	**Property investment** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Segment revenue:				
Sales to external customers	**42,526**	**85,660**	**20,093**	**148,279**
Segment results	**19,790**	**503,634**	**(1,040)**	**522,384**
Reconciliation:				
Interest income				**2,512**
Unallocated expenses				**(22,122)**
Finance costs				**(36,298)**
Share of profits and losses of jointly-controlled entities and an associate				**(1)**
Profit before tax				**466,475**

	Six months ended 30 September 2012 (Unaudited)			
	Property development *HK$'000*	Property investment *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:				
Sales to external customers	–	71,905	19,319	91,224
Segment results	(1,915)	278,877	(1,265)	275,697
Reconciliation:				
Interest income				3,487
Unallocated expenses				(16,806)
Finance costs				(25,423)
Profit before tax				236,955

2. OPERATING SEGMENT INFORMATION *(Continued)*

	At 30 September 2013 (Unaudited)			
	Property development	Property investment	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	2,500,225	7,341,319	1,485,881	11,327,425
Reconciliation:				
Elimination of intersegment receivables				(1,952,099)
Investments in jointly-controlled entities				199
Investment in an associate				369,978
Corporate and other unallocated assets				712,222
Total assets				10,457,725
Segment liabilities	1,165,431	476,358	556,318	2,198,107
Reconciliation:				
Elimination of intersegment payables				(1,952,099)
Corporate and other unallocated liabilities				4,691,609
Total liabilities				4,937,617

2. OPERATING SEGMENT INFORMATION *(Continued)*

	At 31 March 2013 (Audited)			
	Property development	Property investment	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	2,255,371	6,505,853	1,554,533	10,315,757
Reconciliation:				
Elimination of intersegment receivables				(1,923,662)
Investments in jointly-controlled entities				199
Investment in an associate				369,979
Corporate and other unallocated assets				536,592
Total assets				9,298,865
Segment liabilities	1,233,381	468,992	405,370	2,107,743
Reconciliation:				
Elimination of intersegment payables				(1,923,662)
Corporate and other unallocated liabilities				3,939,472
Total liabilities				4,123,553

3. OTHER INCOME

	Six months ended 30 September 2013 (Unaudited) HK$'000	2012 (Unaudited) HK$'000
Bank interest income	**2,512**	3,487
Gain on disposal of investment properties, net	**324**	1,711
Others	**1,954**	2,185
	4,790	7,383

4. FINANCE COSTS

	Six months ended 30 September 2013 (Unaudited) HK$'000	2012 (Unaudited) HK$'000
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**69,800**	38,843
Interest on bank loans wholly repayable after five years	**1,017**	1,371
	70,817	40,214
Less: Interest capitalized under property development projects	**(34,519)**	(14,791)
	36,298	25,423

5. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**4,311**	4,020
Employee benefit expense (including directors' remuneration)	**17,662**	14,351
Less: Amounts capitalized under property development projects	**(4,200)**	(4,500)
	13,462	9,851

6. INCOME TAX

	Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Group:		
Current – Outside Hong Kong	**9,501**	616
Deferred	**111,717**	9,610
Total tax charge for the period	**121,218**	10,226

No Hong Kong profits tax has been provided as the Group has 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$343,970,000 (2012: HK$226,691,000) and the number of 480,286,201 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 2013 and 2012 in respect of a dilution as the Group has no potential dilutive ordinary shares in issue during both periods.

8. INVESTMENT PROPERTIES

During the period, one of the Group's investment properties under construction which was stated at cost as at 31 March 2013 are revalued on an open market, existing use basis, by independent professionally qualified valuer as its fair value can be determined reliably. This gave rise to a revaluation gain of HK$442 million and a related deferred tax of HK$111 million which were both recognized in the income statement for the period.

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 2013 (Unaudited) *HK$'000*	At 31 March 2013 (Audited) *HK$'000*
Within 30 days	**2,520**	953
31 to 60 days	**405**	123
61 to 90 days	**20**	22
Total	**2,945**	1,098

Monthly rent in respect of leased properties is payable in advance by the tenants pursuant to the terms of the tenancy agreements. The balance of the consideration in respect of sold properties is payable by the purchasers pursuant to the terms of the sale and purchase agreements. Overdue trade debts are monitored closely by management and are provided for in full in 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$14,784,000 (at 31 March 2013: HK$20,356,000). 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 2013 (Unaudited) ***HK$'000***	At 31 March 2013 (Audited) *HK$'000*
Within 30 days	**14,784**	20,356

11. SHARE CAPITAL

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

12. CONTINGENT LIABILITIES

As at 30 September 2013, the Group has given guarantees of HK$5,068,000 (as at 31 March 2013 (audited): HK$7,078,000) 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 2013, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	At 30 September 2013 (Unaudited) ***HK$'000***	At 31 March 2013 (Audited) *HK$'000*
Within one year	**118,054**	103,086
In the second to fifth years, inclusive	**264,053**	231,841
After five years	**391,258**	402,070
	773,365	736,997

(b) As lessee

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

At 30 September 2013, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	At 30 September 2013 (Unaudited) ***HK$'000***	At 31 March 2013 (Audited) *HK$'000*
Within one year	**18,080**	17,266
In the second to fifth years, inclusive	**22,795**	23,520
After five years	**695**	2,058
	41,570	42,844

14. CAPITAL COMMITMENTS

At 30 September 2013, the Group had authorised and contracted capital commitments in respect of property development expenditure amounting to HK$855,188,000 (at 31 March 2013 (audited): HK$1,018,503,000).

15. RELATED PARTY TRANSACTIONS

(a) On 18 September 2012, the Group entered into a subscription agreement with Chinney Trading, Chinney Development Company Limited ("Chinney Development") and Wan Thai Group Limited for the subscription of 20% equity interest in Chinney Trading at a cash consideration of HK$368,537,000. For details, please refer to the Company's circular dated 25 October 2012. Chinney Development is beneficially owned by Dr. James Sai-Wing Wong, Chairman and substantial shareholder of the Company and thus, the above subscription constituted a major and connected transaction to the Company under the Listing Rules. The transaction was approved by the Company's independent shareholders at the extraordinary general meeting held on 9 November 2012 and was completed in February 2013.

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

	Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Short-term employee benefits	**7,707**	6,422
Post-employment benefits	**549**	337
	8,256	6,759

16. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	30 September 2013 (Unaudited) *HK$'000*	31 March 2013 (Audited) *HK$'000*	**30 September 2013 (Unaudited) *HK$'000***	31 March 2013 (Audited) *HK$'000*
Financial assets				
Trade receivables	**2,945**	1,098	**2,945**	1,098
Financial assets included in prepayments, deposits and other receivables	**44,584**	42,102	**44,584**	42,102
Pledged deposits	**120,110**	120,803	**120,110**	120,803
Cash and cash equivalents	**591,738**	414,595	**591,738**	414,595
	759,377	578,598	**759,377**	578,598
Financial liabilities				
Financial liabilities included in trade payables and accrued liabilities	**111,700**	91,701	**111,700**	91,701
Interest-bearing bank borrowings	**4,199,307**	3,568,649	**4,199,307**	3,568,649
Financial liabilities included in customer deposits	**24,210**	23,634	**24,210**	23,634
	4,335,217	3,683,984	**4,335,217**	3,683,984

The Group did not have any financial assets and financial liabilities measured at fair value as at 30 September 2013.

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

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

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

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

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 2013.