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**漢國置業有限公司**  
**Hon Kwok Land Investment Company, Limited**  
*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 160)**

**2015-16 ANNUAL RESULTS ANNOUNCEMENT**

**FINANCIAL RESULTS**

For the year ended 31 March 2016, the Group's consolidated turnover was HK\$1,570 million (2015: HK\$361 million) and net profit attributable to shareholders amounted to HK\$460 million (2015: HK\$1,898 million), inclusive of property revaluation gain of HK\$423 million, net of deferred tax (2015: HK\$1,907 million). Basic earnings per share were HK\$0.64 (2015: HK\$2.63). As at 31 March 2016, the shareholders' equity amounted to HK\$7,813 million (as at 31 March 2015: HK\$7,718 million) and net assets per share attributable to shareholders were HK\$10.84 (as at 31 March 2015: HK\$10.71). Please also refer to the section headed "Financial Review".

**DIVIDEND**

The Directors recommend the payment of a final dividend of 12.5 Hong Kong cents per ordinary share for the year ended 31 March 2016 (2015: 12.5 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 2 September 2016. Subject to the approval by the shareholders at the forthcoming annual general meeting, the dividend cheques are expected to be despatched to shareholders on or before 20 September 2016.

**BUSINESS REVIEW**

**Acquisition of Properties**

In May 2016, the Group entered into separate sale and purchase agreements with two vendors to acquire their respective offshore holding companies each holding 50% indirect interest in a completed 15-storey commercial and office building situated at No. 151 Jiefang Road South, Yuexiu District, Guangzhou, Guangdong Province, the PRC (中國廣東省廣州市越秀區解放南路151號) and known as Jie Fang Building (解放大廈). The total cash consideration of HK\$137,590,000, net of PRC tax which the vendors are required to pay in connection with the sale of their offshore holding companies, is determined by reference to the unaudited consolidated net assets of the above holding companies, together with the shareholders' loans as at 31 March 2016. Upon completion of acquisitions, the above property, with a total gross floor area of approximately 11,507 sq.m., will be held by the Group for recurrent rental income.

As one of the above vendors is beneficially owned by Dr. James Sai-Wing Wong, the Chairman and substantial shareholder of the Company, the related transaction constitutes a discloseable and connected transaction of the Company under the listing rules and is subject to the approval of the independent shareholders at the forthcoming extraordinary general meeting. The other vendor is an independent third party and the related transaction constitutes a discloseable transaction only under the listing rules and has been completed earlier this month. For details, please refer to the Company's announcement dated 9 May 2016 and circular dated 20 June 2016.

## **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 and 2** 寶翠園一及二期, with a total 16 blocks of over 750 units, were sold out and profits derived therefrom had been recognized in the prior financial years. Nearly all units of **Botanica Phase 3** 寶翠園三期, comprising 12 blocks of about 530 units, have been sold up to the date of this announcement and generated sale proceeds amounted to RMB1,740 million. Eight blocks of which have been delivered to individual purchasers during the year under review and the relevant profits were recorded in the statement of profit or loss. The remaining four blocks have commenced to be delivered to individual purchasers earlier this month and the related profits will be recognized in the forthcoming financial year. Construction/internal finishing works of **Botanica Phase 4** 寶翠園四期, comprising 11 blocks of about 550 units, are well in progress and expected to be completed by stages commencing in the last quarter of this year through first quarter of 2017. Four blocks of which with about 180 units have been launched to the market for pre-sale, over 90% have been sold up to the date of this announcement and total contracted sales exceeding RMB580 million.

The project site at **Dong Guan Zhuan Road**, Tian He District is still under the planning and design stage whilst preliminary works on the other one at **45-107 Beijing Nan Road**, Yue Xiu District are in progress.

**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 about 90%.

As mentioned in the interim report, owing to its dilapidated condition and being a leased property, **The Bauhinia Hotel (Guangzhou)** 寶軒酒店(廣州) had ceased its operation upon expiry of the business licence at the end of last 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 of about 18,000 sq.m. and 24 blocks of high-rise apartments of about 111,000 sq.m.. All units of the above phase have been launched to the market for sale, of which about 90% have been sold up to the date of this announcement, generated sale proceeds amounted to RMB1,022 million. Delivery of the town houses and 6 blocks of the above apartment units to individual purchasers is in progress and that of the remaining blocks have just commenced to deliver by stages through next quarter.

## ***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, are expected to be completed by the end of this year. 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 by the Group for recurrent rental income.

**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 in two phases into 12 blocks of buildings for composite use with a total gross floor area of approximately 224,500 sq.m.. Finishing plus mechanical and electrical works of Phase 1 and superstructure works of Phase 2 are in progress and expected to be completed by the end of this year and in mid-2017 respectively.

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

## ***Chongqing, PRC***

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

**Jinshan Shangye Zhongxin** 金山商業中心, also situated in 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 leasing status of the completed office tower are being closely monitored in order to fill up the tenancy whilst the hotel/office tower is in the course of development.

## ***Hong Kong – Property Investment***

The vacant site acquired through government public tender last year 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 and be held by the Group for recurrent rental income. It is under the planning and design stage and foundation works are scheduled to be commenced in last quarter of this year.

The retail areas at street level of the hotel/apartment building at Connaught Road Central and Des Voeux Road Central are fully let. 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, approximated 95% with encouraging room rates whilst that of **The Bauhinia** 寶軒, a 171-room serviced apartments atop of the above hotel, is about 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 building with average occupancy and room rates maintained at a satisfactory level. The remaining floors of the above building are for commercial use with the first floor being leased out to 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 about 90%.

## **OUTLOOK**

Last week's UK referendum to leave the European Union is likely to hit global growth but to a less extent, on Asian economies. In the U.S., its economic recovery looks sustainable but it is generally expected that a gradual Fed rate hike in the remaining of the year may be disrupted by Brexit. On the other hand, the economic activities in the Eurozone continue to be sluggish and extended stimulus measures are expected.

In Mainland China, an overheated land market recently led to tightening of housing policies in selected cities and it is expected that the loosening monetary conditions may be altered in the coming months which may derail property sales momentum. However, in the medium to long run, the property market in the mainland is positive as the Central Government's top priority is to stabilize home prices with healthy transaction volumes.

In Hong Kong, the weakening retail market partially caused by the slowdown in inbound tourism and local consumption sentiment is likely to have continuous adverse impact on retail rental whilst office trends fare better with moderate rental growth expected in the second half of the year, supported by low vacancy levels especially in core business districts. Meanwhile, property developers are expected to maintain their asset turnover with primary launches being priced at close to secondary prices with flexible payment terms to draw the buyers to the primary market.

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

**James Sai-Wing Wong**  
*Chairman*

Hong Kong, 28 June 2016

## CONSOLIDATED RESULTS

The consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2016 together with comparative figures for the previous year are as follows:

### Consolidated Statement of Profit or Loss

		For the year ended 31 March	
		2016	2015
	Notes	HK\$'000	HK\$'000
Revenue	2	1,569,505	360,698
Cost of sales		<u>(1,033,255)</u>	<u>(169,109)</u>
Gross profit		536,250	191,589
Other income	3	13,435	12,001
Fair value gains on investment properties, net		616,316	2,526,669
Gain on disposal of a subsidiary		7,360	-
Gain on disposal of investment properties, net		-	443
Administrative expenses		(93,816)	(83,603)
Other operating expenses, net		(67,818)	(36,537)
Finance costs	4	(112,175)	(70,189)
Share of loss of an associate		<u>(223)</u>	<u>(341)</u>
Profit before tax	5	899,329	2,540,032
Income tax expense	6	<u>(370,091)</u>	<u>(649,462)</u>
Profit for the year		<u>529,238</u>	<u>1,890,570</u>
Attributable to:			
Owners of the Company		460,100	1,898,184
Non-controlling interests		<u>69,138</u>	<u>(7,614)</u>
		<u>529,238</u>	<u>1,890,570</u>
Earnings per share attributable to ordinary equity holders of the Company	7		
Basic and diluted		<u>HK\$0.64</u>	<u>HK\$2.63</u>

## Consolidated Statement of Comprehensive Income

	For the year ended 31 March	
	2016	2015
	HK\$'000	HK\$'000
<b>Profit for the year</b>	<b>529,238</b>	<b>1,890,570</b>
<b>Other comprehensive loss</b>		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive loss of an associate	(4,742)	-
Exchange differences on translation of foreign operations	<u>(279,149)</u>	<u>(12,481)</u>
Other comprehensive loss for the year, net of tax	<u>(283,891)</u>	<u>(12,481)</u>
<b>Total comprehensive income for the year</b>	<b><u>245,347</u></b>	<b><u>1,878,089</u></b>
<b>Attributable to:</b>		
Owners of the Company	<b>184,480</b>	<b>1,885,703</b>
Non-controlling interests	<u><b>60,867</b></u>	<u><b>(7,614)</b></u>
	<b><u>245,347</u></b>	<b><u>1,878,089</u></b>

## Consolidated Statement of Financial Position

		<b>31 March 2016</b>	31 March 2015
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>25,362</b>	40,736
Investment properties	9	<b>11,832,898</b>	10,980,921
Investment in a joint venture		<b>199</b>	199
Investment in an associate		<b>364,764</b>	369,729
		<hr/>	<hr/>
Total non-current assets		<b>12,223,223</b>	11,391,585
<b>CURRENT ASSETS</b>			
Tax recoverable		<b>16,896</b>	44,232
Properties held for sale under development and completed properties held for sale		<b>3,065,950</b>	3,048,681
Trade receivables	10	<b>14,019</b>	12,018
Prepayments, deposits and other receivables		<b>198,465</b>	149,549
Pledged deposits		<b>142,207</b>	344,048
Cash and bank balances		<b>1,698,667</b>	541,148
		<hr/>	<hr/>
Total current assets		<b>5,136,204</b>	4,139,676
<b>CURRENT LIABILITIES</b>			
Trade payables and accrued liabilities	11	<b>532,754</b>	130,316
Due to an associate		<b>37,490</b>	37,490
Interest-bearing bank borrowings		<b>2,894,804</b>	2,698,579
Customer deposits		<b>1,510,460</b>	840,098
Tax payable		<b>93,601</b>	97,146
		<hr/>	<hr/>
Total current liabilities		<b>5,069,109</b>	3,803,629
<b>NET CURRENT ASSETS</b>		<b>67,095</b>	336,047
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>12,290,318</b>	11,727,632
		<hr/>	<hr/>

**Consolidated Statement of Financial Position** *(Continued)*

	<b>31 March 2016 HK\$'000</b>	31 March 2015 HK\$'000
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank borrowings	<b>2,925,285</b>	2,676,190
Deferred tax liabilities	<b>1,245,105</b>	1,086,807
Total non-current liabilities	<b><u>4,170,390</u></b>	<u>3,762,997</u>
Net assets	<b><u>8,119,928</u></b>	<u>7,964,635</u>
<b>EQUITY</b>		
Equity attributable to owners of the Company		
Share capital	<b>1,519,301</b>	1,519,301
Reserves	<b>6,293,320</b>	6,198,894
	<b>7,812,621</b>	7,718,195
Non-controlling interests	<b>307,307</b>	246,440
Total equity	<b><u>8,119,928</u></b>	<u>7,964,635</u>



Notes:

## 1. Basis of Preparation and Changes in Accounting Policies and Disclosures

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance (the “Companies Ordinance”). They have been prepared under the historical cost convention, except for certain investment properties which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

The financial information relating to the years ended 31 March 2016 and 2015 included in this preliminary announcement of annual results 2016 do not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 March 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 March 2016 in due course.

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

### Changes in accounting policies and disclosures

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

*Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions*  
*Annual Improvements to HKFRSs 2010-2012 Cycle*  
*Annual Improvements to HKFRSs 2011-2013 Cycle*

The adoption of the above revised standards has had no significant financial effect on these financial statements.

In addition, the Group has voluntarily changed its accounting policy regarding the recognition of property agent commission expense arising from property sales. In prior years, the property agent commission was charged to profit or loss in the period when it was incurred. In the current year, the Group has changed its accounting policy. Under the revised accounting policy, the property agent commission is charged to profit or loss in the same period in which the relevant property sales income is recognised when the relevant properties are handed over to the buyers. In the opinion of the directors, the financial statements prepared using the revised policy will provide reliable and more relevant information to the users of the financial statements about the effects of transactions to sell properties on the Group’s financial position and financial performance. This change in policy has been applied retrospectively, but does not have any significant financial effect on the Group’s financial performance and cash flows for the year ended 31 March 2015 and on the Group’s financial positions as of 31 March 2015 and 1 April 2014.

## 2. Operating Segment Information

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

- (a) the property development segment develops properties for sale;
- (b) the property investment segment holds investment properties for development and the generation of rental income; and
- (c) the "others" segment comprises, principally, the sub-leasing of carparking business and the property management service business which provides management services to residential and commercial properties.

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

Segment assets exclude investment in a joint venture, investment in an associate, and other unallocated head office and corporate assets, including tax recoverable, pledged deposits and cash and bank balances, as these assets are managed on a group basis.

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

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

### For the year ended 31 March 2016

	Property development HK\$'000	Property investment HK\$'000	Others HK\$'000	Total HK\$'000
<b>Segment revenue:</b>				
Sales to external customers	1,357,389	175,227	36,889	<u>1,569,505</u>
<b>Segment results</b>	<b>357,232</b>	<b>720,951</b>	<b>(23,679)</b>	<b>1,054,504</b>
<i>Reconciliation:</i>				
Interest income				6,453
Unallocated expenses				(56,590)
Finance costs				(112,175)
Gain on disposal of a subsidiary				7,360
Share of loss of an associate				<u>(223)</u>
Profit before tax				<u><u>899,329</u></u>

### For the year ended 31 March 2015

	Property development HK\$'000	Property investment HK\$'000	Others HK\$'000	Total HK\$'000
<b>Segment revenue:</b>				
Sales to external customers	148,421	175,064	37,213	<u>360,698</u>
<b>Segment results</b>	<b>29,084</b>	<b>2,645,001</b>	<b>(6,593)</b>	<b>2,667,492</b>
<i>Reconciliation:</i>				
Interest income				4,674
Unallocated expenses				(61,604)
Finance costs				(70,189)
Share of loss of an associate				<u>(341)</u>
Profit before tax				<u><u>2,540,032</u></u>

## 2. Operating Segment Information (Continued)

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

	For the year ended 31 March 2016			
	Property development HK\$'000	Property investment HK\$'000	Others HK\$'000	Total HK\$'000
<b>Other segment information:</b>				
Fair value gains on investment properties, net	-	616,316	-	616,316
Loss on disposal of items of property, plant and equipment	-	-	10,983	10,983
Depreciation	923	2,208	4,799	7,930
Capital expenditure *	<u>449</u>	<u>515,390</u>	<u>3,099</u>	<u>518,938</u>

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

## 2. Operating Segment Information (Continued)

	At 31 March 2015			
	Property development HK\$'000	Property investment HK\$'000	Others HK\$'000	Total HK\$'000
<b>Segment assets</b>	3,233,722	11,597,834	1,913,139	16,744,695
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(2,512,790)
Investment in a joint venture				199
Investment in an associate				369,729
Corporate and other unallocated assets				<u>929,428</u>
Total assets				<u><u>15,531,261</u></u>
<b>Segment liabilities</b>	1,984,856	892,124	643,714	3,520,694
<i>Reconciliation:</i>				
Elimination of intersegment payables				(2,512,790)
Corporate and other unallocated liabilities				<u>6,558,722</u>
Total liabilities				<u><u>7,566,626</u></u>

	For the year ended 31 March 2015			
	Property development HK\$'000	Property investment HK\$'000	Others HK\$'000	Total HK\$'000
<b>Other segment information:</b>				
Fair value gains on investment properties, net	-	2,526,669	-	2,526,669
Loss on disposal of items of property, plant and equipment	-	-	121	121
Depreciation	997	2,210	4,682	7,889
Capital expenditure *	<u>879</u>	<u>1,151,351</u>	<u>1,638</u>	<u>1,153,868</u>

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

## 2. Operating Segment Information *(Continued)*

### Geographical information

#### (a) Revenue

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Hong Kong	104,569	98,802
Mainland China	<u>1,464,936</u>	<u>261,896</u>
	<u>1,569,505</u>	<u>360,698</u>

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

#### (b) Non-current assets

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Hong Kong	3,154,089	3,293,181
Mainland China	<u>8,704,171</u>	<u>7,728,476</u>
	<u>11,858,260</u>	<u>11,021,657</u>

The non-current asset information above is based on the locations of the assets and excludes investments in a joint venture and an associate.

## 3. Other Income

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Bank interest income	6,453	4,674
Others	<u>6,982</u>	<u>7,327</u>
	<u>13,435</u>	<u>12,001</u>

## 4. Finance Costs

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest on bank loans, overdrafts and other loans	219,263	180,552
Less: Interest capitalised under property development projects	<u>(107,088)</u>	<u>(110,363)</u>
	<u>112,175</u>	<u>70,189</u>

## 5. Profit Before Tax

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Cost of properties sold	937,018	88,785
Depreciation	7,930	7,889
Minimum lease payments under operating leases	25,839	21,284
Auditors' remuneration	2,220	2,128
Foreign exchange differences, net	(278)	-
Loss on disposal of items of property, plant and equipment	10,983	121
Employee benefit expense (including directors' remuneration):		
Wages, salaries, allowances and benefits in kind	52,298	46,142
Pension scheme contributions	1,760	1,567
	<u>54,058</u>	<u>47,709</u>
Less: Amounts capitalised under property development projects	<u>(18,400)</u>	<u>(12,400)</u>
	<u>35,658</u>	<u>35,309</u>
Gross rental income	(210,556)	(210,432)
Less: Outgoing expenses	<u>96,237</u>	<u>80,324</u>
	<u>(114,319)</u>	<u>(130,108)</u>

At 31 March 2016 and 31 March 2015, the amount of forfeited pension scheme contributions available to the Group for future utilisation was not significant.

## 6. Income Tax

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current tax		
Hong Kong	52	-
Mainland China corporate income tax	81,213	13,981
Land appreciation tax in Mainland China	91,279	13,753
Overseas profits tax	367	465
	<u>172,911</u>	<u>28,199</u>
Deferred tax	<u>197,180</u>	<u>621,263</u>
Total tax charge for the year	<u>370,091</u>	<u>649,462</u>

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax had been made for the prior year as the Group had available tax losses brought forward from prior years to offset the assessable profits generated during that year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Land appreciation tax has been calculated in conformity with the prevailing rules and practices on the Group's completed projects in Mainland China at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

## 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 year attributable to ordinary equity holders of the Company of HK\$460,100,000 (2015: HK\$1,898,184,000) and the weighted average number of ordinary shares in issue during the year of 720,429,301 (2015: 720,429,301).

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2016 and 2015 in respect of a dilution as the Group has no potential dilutive ordinary shares in issue during the year ended 31 March 2016 and 2015.

## 8. Dividend

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Proposed final – 12.5 HK cents (2015: 12.5 HK cents) per ordinary share	<u>90,054</u>	<u>90,054</u>

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

## 9. Investment Properties

In the prior year, one of the Group's investment properties under construction which was stated at cost as at 31 March 2014 was revalued on an open market and existing use basis, by independent professionally qualified valuers as its fair value can be determined reliably. That gave rise to a revaluation gain of HK\$2,383 million and a related deferred tax of HK\$596 million which were both recognized in the consolidated statement of profit or loss for that year.

## 10. 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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 30 days	1,802	1,907
31 to 60 days	1,240	936
61 to 90 days	851	804
Over 90 days	<u>10,126</u>	<u>8,371</u>
Total	<u>14,019</u>	<u>12,018</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 cases of non-recoverability. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

## 11. Trade Payables and Accrued Liabilities

Included in the trade payables and accrued liabilities are trade payables of HK\$70,252,000 (2015: HK\$57,374,000). An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 30 days	<u>70,252</u>	<u>57,374</u>

## 12. Contingent Liabilities

- (a) As at 31 March 2016, the Group has given a guarantee of HK\$40,000,000 (2015: HK\$40,000,000) to a bank in connection with a facility granted to an associate and such banking facility guaranteed by the Group to the associate was utilized to the extent of HK\$40,000,000 (2015: HK\$40,000,000).
- (b) As at 31 March 2016, the Group has given guarantees of HK\$1,119,000,000 (2015: HK\$191,000,000) 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. Event after the Reporting Period

On 9 May 2016, True Light Enterprises Limited ("True Light"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Rich Fate Limited ("Rich Fate"), pursuant to which True Light has conditionally agreed to acquire and Rich Fate has conditionally agreed to sell the entire issued share capital of Right Colour Limited ("Right Colour") and the assignment of the related shareholder's loan to True Light for an aggregate cash consideration of HK\$68,795,000, net of PRC tax which Rich Fate is required to pay in connection with the sale of the entire issued share capital of Right Colour. A deposit of HK\$6,879,500 was paid upon signing of the above agreement.

On 9 May 2016, True Light also entered into a sale and purchase agreement with Pine International Limited ("Pine International"), pursuant to which True Light has conditionally agreed to acquire and Pine International has conditionally agreed to sell the entire issued share capital of Network Success Limited ("Network Success") and the assignment of the related shareholder's loan to True Light for an aggregate cash consideration of HK\$68,795,000, net of PRC tax which Pine International is required to pay in connection with the sale of the entire issued share capital of Network Success. A deposit of HK\$6,879,500 was paid upon signing of the above agreement.

Each of Right Colour and Network Success holds 50% of the issued share capital of a Hong Kong company which indirectly holds the entire interest of an investment property in Guangzhou, the PRC.

As Rich Fate is beneficially owned by Dr. James Sai-Wing Wong, the Chairman and substantial shareholder of the Company, the related transaction constitutes a connected transaction of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and is subject to the approval of the independent shareholders at the forthcoming extraordinary general meeting. Pine International is an independent third party and the related transaction has been completed on 3 June 2016. For details, please refer to the Company's announcement dated 9 May 2016 and circular dated 20 June 2016.



## **FINANCIAL REVIEW**

### **Turnover and net profit**

The increase in turnover was mainly due to more property sales from the Group's PRC projects were recognized during the year that led to an increase in core profits from property sales. Property revaluation gain, net of deferred tax, of HK\$423 million was recorded in current year's financial statements. Such amount in last year of HK\$1,907 million was mainly attributable to an investment property in the course of construction in Shenzhen was stated at cost in prior years and revalued to market value at last year end that gave rise to a significant revaluation gain. However, since such property was already stated at market value at last year end, only moderate revaluation gain was recognized during the year.

### **Liquidity and financial resources**

The total interest-bearing debts of the Group amounted to approximately HK\$5,820 million as at 31 March 2016 (2015: HK\$5,375 million), of which approximately 50% (2015: 50%) of the debts were classified as current liabilities. Included therein were debts of HK\$163 million (2015: HK\$182 million) related to bank loans with repayable on demand clause and HK\$2,442 million related to project or term loans which will be refinanced during the forthcoming financial year. Based on the repayment schedules pursuant to the related loan agreements and assuming that the aforesaid refinancing will be completed on schedule, the current portion of the total interest-bearing debts was approximately 5%. The increase in total debts was mainly due to the drawdown of bank loans for construction of mainland development projects.

Total cash and bank balances including time deposits were approximately HK\$1,841 million as at 31 March 2016 (2015: HK\$885 million). Included in cash and bank balances are restricted bank deposits of HK\$623 million (2015: HK\$172 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\$76 million at year end available for its working capital purpose.

Total shareholders' funds as at 31 March 2016 were approximately HK\$7,813 million (2015: HK\$7,718 million). The increase was mainly due to current year's profit attributable to shareholders offset by depreciation in value of assets less liabilities denominated in Renminbi.

The gearing ratio of the Group, as measured by the net interest-bearing debts of approximately HK\$3,979 million (2015: HK\$4,490 million) over the shareholders' funds plus non-controlling interests totalling of approximately HK\$8,120 million (2015: HK\$7,965 million), was 49% as at 31 March 2016 (2015: 56%).

## **Funding and treasury policies**

The Group adopts prudent funding and treasury policies. Surplus funds are primarily maintained in the form of cash deposits with leading banks.

Acquisition and development of properties are financed partly by internal resources and partly by bank loans. Repayments of bank loans are scheduled to match asset lives and project completion dates. Bank loans are mainly denominated in Hong Kong dollars and Renminbi and bear interest at floating rates.

Foreign currency exposure is closely monitored by management and hedged to the extent desirable. As at 31 March 2016, the Group had no material exposure under foreign exchange contracts or any other hedging instruments.

## **Pledge of assets**

Properties and bank balances with an aggregate carrying value of approximately HK\$12,420 million as at 31 March 2016 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 390 employees as at 31 March 2016. Remuneration is determined by reference to market terms and the qualifications and experience of the staff concerned. Salaries are reviewed annually with discretionary bonuses being paid depending on individual performance. The Group also provides other benefits including medical cover, provident fund, personal accident insurance and educational subsidies to all eligible staff.

## **CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING**

The annual general meeting of the Company is scheduled to be held on 25 August 2016. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 22 August 2016 to 25 August 2016 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 19 August 2016.

## **CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND**

The proposed final dividend for the year ended 31 March 2016 is subject to the approval by the shareholders at the annual general meeting. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on 1 September 2016 and 2 September 2016, during which period no share transfers will be registered. The last day for dealing in the Company's shares cum entitlements to the proposed final dividend will be 29 August 2016. In order to qualify for the proposed final dividend, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 31 August 2016.

## **CORPORATE GOVERNANCE**

### **Compliance with Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as its own code of conduct for directors’ securities transactions. Having made specific enquiry, all the directors have confirmed that they have complied with the required standard as set out in the Model Code throughout the year ended 31 March 2016.

### **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 year ended 31 March 2016, except for the following deviations:

1. CG Code provision A.1.1 stipulates that the board of directors should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals.

During the year ended 31 March 2016, the board of directors of the Company (the “Board”) met twice for approving the annual results of the Company for the year ended 31 March 2015 and the interim results for the period ended 30 September 2015. As business operations were under the management and supervision of the executive directors of the Company, who had from time to time held meetings to resolve all material business or management issues, only two regular board meetings were held for the year ended 31 March 2016.

2. 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.

3. 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.

4. 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.
5. 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, Mr. Kenneth Kin-Hing Lam (who retired at the 2015 annual general meeting) and Mr. Zuo Xiang, independent non-executive directors of the Company, did not attend the 2015 annual general meeting of the Company held on 27 August 2015 due to their own business engagements or other commitments.
6. 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**

Regular meetings have been held by the Audit Committee of the Company since its establishment and it meets at least twice each year to review and supervise the Group's financial reporting process and internal control. The Audit Committee has reviewed with management the annual results of the Group for the year ended 31 March 2016.

## **REVIEW OF PRELIMINARY ANNOUNCEMENT**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2016 as set out in the preliminary announcement have been agreed by the Company's auditors, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 March 2016.

By Order of the Board  
**James Sai-Wing Wong**  
*Chairman*

Hong Kong, 28 June 2016

*At the date of this announcement, the directors of the Company are Dr. James Sai-Wing Wong (Chairman), Mr. Yuen-Keung Chan and Mr. Xiao-Ping Li as executive directors; Mr. Herman Man-Hei Fung (Vice-Chairman) and Dr. Emily Yen Wong as non-executive directors; and Dr. Daniel Chi-Wai Tse, Mr. Zuo Xiang and Mr. William Kwan-Lim Chu as independent non-executive directors.*