



Incorporated in Bermuda with limited liability
Stock Code: 1243

The Cornerstone To Build The Future

A PASSION For
TOMORROW

見愛 · 建明天

Interim Report 2017



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Corporate Information

Board of Directors

Executive Directors

Mr. Wong Yiu Hung Gary,
Chief Executive Officer
Mr. Tang Ho Hong

Non-executive Director

Mr. Chan Chun Hong, *Chairman*

Independent Non-executive Directors

Mr. Li Wing Sum Steven
Mr. Sung Tze Wah
Sr Dr. Leung Tony Ka Tung

Audit Committee

Mr. Li Wing Sum Steven, *Chairman*
Mr. Sung Tze Wah
Sr Dr. Leung Tony Ka Tung

Remuneration Committee

Sr Dr. Leung Tony Ka Tung, *Chairman*
Mr. Li Wing Sum Steven
Mr. Sung Tze Wah
Mr. Chan Chun Hong
Mr. Wong Yiu Hung Gary

Nomination Committee

Mr. Chan Chun Hong, *Chairman*
Mr. Li Wing Sum Steven
Mr. Sung Tze Wah
Sr Dr. Leung Tony Ka Tung
Mr. Tang Ho Hong

Executive Committee

Mr. Wong Yiu Hung Gary, *Chairman*
Mr. Tang Ho Hong

Company Secretary

Ms. Wong Chin Han

Authorised Representatives

Mr. Chan Chun Hong
Mr. Wong Yiu Hung Gary

Auditor

Ernst & Young

Legal Advisers

Reed Smith Richards Butler
DLA Piper Hong Kong
Gallant

Compliance Adviser

Kingston Corporate Finance Limited

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business in Hong Kong

Suite 3201, 32/F., Skyline Tower
39 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Principal Share Registrar and Transfer Office in Bermuda

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Bankers

The Bank of East Asia, Limited
China Construction Bank (Asia) Corporation Limited
China Everbright Bank Co., Ltd
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

Board Lot

4,000 shares

Investor Relations

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Homepage

www.woproperties.com

Stock Code

1243

Interim Dividend

The board of directors (the “**Board**”) of Wang On Properties Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) does not recommend the payment of any interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: Nil).

Management Discussion and Analysis

Business Review

The Group’s revenue for the six months ended 30 September 2017 amounted to approximately HK\$12.1 million (six months ended 30 September 2016: approximately HK\$60.3 million). Profit attributable to owners of the parent for the reporting period was approximately HK\$903.9 million (six months ended 30 September 2016: approximately HK\$11.4 million). The notable increase in the profit recorded was primarily attributable to a gain on disposal of 50% shareholdings of a subsidiary holding a property development project — Nos. 13 and 15 Sze Shan Street, Yau Tong. The review of the individual business segments of the Group is set out below.

Property Development

Revenue recognised in this business segment during the reporting period amounted to approximately HK\$2.1 million (six months ended 30 September 2016: approximately HK\$47.8 million).

The Group has launched the pre-sales of two Ma On Shan projects, the Met. Blossom (Ma Kam Street, Ma On Shan) and the Met. Bliss (Hang Kwong Street, Ma On Shan) in August and October 2016, respectively. The total contracted pre-sales (which will be recognised as revenue of the Group upon completion and delivery of respective projects) amounted to approximately HK\$4.0 billion as at the date of this report.

These two projects are positioned as trendy hotel-style residence, targeting young residents pursuing high quality, healthy and convenient lifestyle. They are now in final stage of construction and expected to be completed and ready for occupation in 2018.

Management Discussion and Analysis (Continued)

Business Review (Continued)

Property Development (Continued)

For the Met. Blossom project, approximately 99% of the units released were sold and the contracted pre-sales amounted to approximately HK\$2.5 billion. As at the date of this report, over 70% of the pre-sold units were fully paid. The Group owns 60% equity interest in this development and the results and financial position are consolidated into the financial statements of the Group.

For the Met. Bliss project, all of the 364 units released were sold and the contracted pre-sales amounted to approximately HK\$1.5 billion. As at the date of this report, over 70% of the pre-sold units were fully paid. The Group owns 60% equity interest in this development and the results and financial position are consolidated into the financial statements of the Group.

For the Met. Acappella, the Group's recent third residential project in Sha Tin district at Tai Po Road — Tai Wai Section (Sha Tin Town Lot No. 587), the pre-sale consent has been obtained in mid-October and is launching for pre-sale. The Met. Acappella is a residential building consisting of two wings of 12 and 13-storeys respectively, offering 336 units. It comprises diversified unit layouts including studios, one-bedroom units and one-bedroom (with store room or study room) units, that account for over 80% of all units. The project also offers garden duplex units and penthouse units with rooftop terrace. The Met. Acappella is designed to incorporate the natural scenery of neighbouring areas, enabling residents to breathe fresh air and to enjoy breathtaking green views in this bustling city. With the excellent and convenient transport network, the Met. Acappella also allows residents to indulge in all-round shopping, dining, entertainment and leisure activities, satisfying the needs of pursuing quality lifestyle.

The site at 575–575A Nathan Road, Mongkok has completed the foundation works and is undergoing the construction of superstructure. The site will be developed into another 19-floor Ginza type commercial complex and is expected to be completed by end of 2017.

Management Discussion and Analysis (Continued)

Business Review (Continued)

Property Development (Continued)

The Group has reached a consensus with the Lands Department regarding land premium of the redevelopment project — Nos. 13 and 15 Sze Shan Street, Yau Tong in June 2017. The land premium payment amounted to approximately HK\$983.0 million. On 7 June 2017, Swift Prosper Limited (the “**Vendor**”), an indirectly wholly-owned subsidiary of the Company, has entered into a sale and purchase agreement (the “**Agreement**”) with Xu Qi Co. Limited (the “**Purchaser**”), pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell, 50% of entire issued share capital and the shareholder’s loan of Wonder Sign Limited (“**Wonder Sign**”), the then indirectly wholly-owned subsidiary of the Company, for the consideration of approximately HK\$713.7 million. Wonder Sign is an investment holding company and its sole business is the holding of the entire issued share capital of Double Bright Limited (“**Double Bright**”), the then indirectly wholly-owned subsidiary of the Company. Double Bright is the registered owner of project at Nos. 13 and 15 Sze Shan Street, Yau Tong. Completion took place simultaneously upon signing of the Agreement on 7 June 2017. Details of the transaction were set out in the joint announcement published by the Company and Wang On Group Limited (“**WOG**”) on 7 June 2017 and the circular of WOG dated 26 July 2017. The construction work is resumed and foundation is undergoing.

On 19 May 2017, the Group has successfully acquired the entire issued share capital and the shareholders’ loans of Loyal Pioneer Limited (“**LPL**”), the holding company of the site at Yiu Sha Road, Whitehead, Ma On Shan (Sha Tin Town Lot No. 601). The site will be developed as a residential project with site area of approximately 253,000 square feet and estimated gross floor area of approximately 387,500 square feet.

On 8 September 2017, the Group has entered into an agreement to sell 60% of the entire issued share capital and the shareholder’s loan of Ease Mind Investments Limited (“**Ease Mind**”), an indirectly wholly-owned subsidiary of the Company and is the immediate holding company of LPL, to Clear Idea International Limited, at the consideration of approximately HK\$2,441.3 million. Details of the transaction were set out in the circular of the Company dated 12 October 2017.

Management Discussion and Analysis (Continued)

Business Review (Continued)

Property Development (Continued)

As at 31 October 2017, the Group had a development land portfolio as follows:

Location	Approximate site area (square feet)	Approximate gross floor area (square feet)	Intended usage	Anticipated year of completion
575–575A Nathan Road, Mongkok	2,100	25,000	Commercial	2017
Hang Kwong Street, Ma On Shan (Sha Tin Town Lot No. 598)	33,300	115,000	Residential	2018
Ma Kam Street, Ma On Shan (Sha Tin Town Lot No. 599)	33,300	200,000	Residential	2018
Tai Po Road — Tai Wai section (Sha Tin Town Lot No. 587)	71,000	148,000	Residential	2019
Nos. 13 and 15 Sze Shan Street, Yau Tong	41,000	272,000	Residential and Commercial	2020
Yiu Sha Road, Whitehead (Sha Tin Town Lot No. 601)	253,000	388,000	Residential	2020

The Group will continue to monitor the market and global economic changes and strengthen its property development segment. Other than public tender, the Group will also explore any opportunity in old building acquisition, land use conversion and joint development.

Property Investment

As at 30 September 2017, the Group's portfolio of investment properties comprised of commercial and industrial units located in Hong Kong with a total carrying value of approximately HK\$1,568.8 million (31 March 2017: approximately HK\$1,229.3 million).

Management Discussion and Analysis (Continued)

Business Review (Continued)

Property Investment (Continued)

During the period under review, the Group received gross rental income of approximately HK\$12.1 million (six months ended 30 September 2016: approximately HK\$12.2 million).

On 20 February 2017, the Group entered into a sale and purchase agreement to acquire the entire issued share capital and the shareholders' loans of a company which principally holds office units and carparks units located at Kowloon Commerce Centre, No. 51 Kwai Cheong Road, Kwai Chung, New Territories, at a consideration of approximately HK\$274.5 million. Completion took place on 25 April 2017.

References are also made to the prospectus of the Company dated 30 March 2016 and the Company's 2017 annual report, WOG, through its subsidiaries (excluding the Group), owned the remaining of 30 residential investment properties as at 21 June 2017 ("**Excluded Properties**") which were not injected into the Group as part of the spin-off listing of the Company. The Company has been informed by WOG that two out of these 30 Excluded Properties had been sold as of 21 November 2017.

Liquidity and Financial Resources

As at 30 September 2017, the Group's total assets less current liabilities were approximately HK\$5,852.2 million (31 March 2017: approximately HK\$4,807.9 million) and the current ratio was approximately 1.64 times as at 30 September 2017 (31 March 2017: approximately 1.97 times). As at 30 September 2017, the Group had cash and cash equivalents of approximately HK\$1,442.9 million (31 March 2017: approximately HK\$1,357.2 million).

Aggregate bank borrowings as at 30 September 2017 amounted to approximately HK\$4,414.2 million (31 March 2017: approximately HK\$2,817.1 million). The gearing ratio was approximately 89.8% (31 March 2017: approximately 60.7%), calculated by reference to the Group's total bank borrowings net of cash and cash equivalents and the equity attributable to owners of the parent. As at 30 September 2017, the Group's investment properties and properties under development, with carrying value of approximately HK\$1,549.3 million and HK\$4,155.8 million, respectively (31 March 2017: approximately HK\$1,210.1 million and HK\$1,756.7 million, respectively) were pledged to secure the Group's general banking facilities.

Management Discussion and Analysis (Continued)

Liquidity and Financial Resources (Continued)

The Group's capital commitment as at 30 September 2017 amounted to approximately HK\$861.3 million (31 March 2017: approximately HK\$2,251.7 million). The Group has given guarantee to banks in connection with a facility granted to Double Bright up to HK\$992.0 million and the banking facility guaranteed by the Group to Double Bright was utilised to the extent of HK\$480.5 million as at the end of the reporting period.

The Group strengthens and improves its risk control on a continual basis and adopted a prudent approach in financial management. Financial resources are under close monitor to ensure the Group's smooth operation, as well as flexibility to respond to market opportunities and uncertainties. The management of the Group is of the opinion that the Group's existing financial structure and resources are healthy and sufficient for the Group's needs in the foreseeable future.

Debt Profile and Financial Planning

As at 30 September 2017, interest-bearing debt profile of the Group was analysed as follows:

	30 September 2017 HK\$'000	31 March 2017 HK\$'000
Bank loans repayable:		
Within one year	1,822,425	361,251
In the second year	201,095	122,037
In the third to fifth years, inclusive	2,067,874	2,102,345
Beyond five years	322,769	231,440
	4,414,163	2,817,073
Other loans repayable:		
Within one year	9,397	28,845
	4,423,560	2,845,918

Management Discussion and Analysis (Continued)

Debt Profile and Financial Planning (Continued)

The effective interest rate of bank loans is approximately 2.3% per annum (31 March 2017: approximately 2.3%) and other loans carries at a fixed interest rate of 6% per annum (31 March 2017: 6%).

Treasury Policy

The Group's treasury policy includes diversifying the funding sources. Internally generated cash flow and interest-bearing bank borrowings during the period are the general source of funds to finance the operation of the group. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

Foreign Exchange

The management of the Group is of the opinion that the Group has no material foreign exchange exposure. All bank borrowings are denominated in Hong Kong dollars. The revenue of the Group, being mostly denominated in Hong Kong dollars, matches the currency requirements of the Group's operating expenses. The Group therefore has not engaged in any hedging activity during the period under review.

Employees and Remuneration Policies

As at 30 September 2017, the Group had 92 (31 March 2017: 57) employees in Hong Kong. The Group remunerates its employees mainly based on industry practices and individual performance and experience. In addition to salaries, the Group may provide discretionary bonuses and share options based on individual performance and its business performance, medical insurance coverage and a wide range of leave entitlements. The Group also provides a defined contribution to the Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for the Group's eligible employees in Hong Kong.

Management Discussion and Analysis (Continued)

Prospects

The Hong Kong residential market recorded continuous growth in both property price and number of transactions. The Centa-City Leading Index has increased by approximately 11% during the first three quarters of 2017. Nonetheless, the various uncertainties such as planned scale-back of balance sheet of U.S. Federal Reserve, Brexit negotiations, control measures released by Hong Kong government may impact the development pace.

The Group is confident on the property market and believes that moderate adjustments would be healthy to the market growth in the long run.

According to the rental indices published by Rating and Valuation Department, both the rents and price of retail shops and Grade-A office units are growing from last year. The Group will continue to seek for investments with steady recurrent income and capital appreciation to strengthen the property investment portfolio.

The Group will continue to monitor the market changes and adjust the investment strategies to capture the development opportunities and aim to achieve solid returns to its shareholders.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures of the Company and Its Associated Corporations

As at 30 September 2017, none of the directors and chief executive of the Company and/or any of their respective associates had registered an interest 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 Securities and Futures Ordinance (the "**SFO**")), as recorded in the register required to be kept by the Company pursuant to 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 Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

Directors' Rights to Acquire Shares or Debentures

At no time during the period were rights to acquire benefits by means of the acquisition of shares, or underlying shares in, or debentures of the Company granted to any director and chief executive of the Company or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors and chief executive of the Company to acquire such rights in any other body corporate.

Disclosure of Interests (Continued)

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 30 September 2017, to the best knowledge of the directors of the Company, the following persons (other than the directors or chief executive of the Company) had, or were deemed or taken to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in the ordinary shares of the Company:

Name of shareholders	Notes	Capacity	Number of shares	Approximate percentage of the Company's total issued share capital (Note 3) %
WOG	(1)	Interest of controlled corporation	11,400,000,000	75.0
Mr. Tang Ching Ho	(2)	Other interest	11,400,000,000	75.0
Ms. Yau Yuk Yin	(2)	Other interest	11,400,000,000	75.0

Disclosure of Interests (Continued)

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares (Continued)

Notes:

- (1) WOG held the entire issued share capital of Wang On Enterprises (BVI) Limited ("**WOE**"), which in turn held the entire issued share capital of Earnest Spot Limited ("**Earnest Spot**"). Earnest Spot directly held 11,400,000,000 shares of the Company. Under the SFO, each of WOE and WOG was deemed to be interested in all the aforesaid shares held by Earnest Spot for the sole purpose of Part XV of the SFO.
- (2) Under the SFO, Mr. Tang Ching Ho was deemed to be interested in approximately 51.76% of the total issued share capital of WOG through (i) his personal interest; (ii) his spouse's interest; (iii) his corporate interest via Caister Limited, a corporation controlled by him; and (iv) his interest being an appointer of a discretionary trust, namely Tang's Family Trust. Ms. Yau Yuk Yin, spouse of Mr. Tang Ching Ho, was also deemed to be interested in approximately 51.76% of the total issued share capital of WOG through (i) her personal interest; (ii) Mr. Tang Ching Ho's interest; and (iii) being a beneficiary of the Tang's Family Trust. Therefore, each of Mr. Tang Ching Ho and Ms. Yau Yuk Yin was deemed to be interested in all 11,400,000,000 shares of the Company held by WOG for the sole purpose of Part XV of the SFO.
- (3) The relevant percentages have been calculated by reference only to the aggregate number of shares of the Company in issue of 15,200,000,000 shares as at 30 September 2017.

Save as disclosed above, as at 30 September 2017, there were no persons, other than directors or chief executive of the Company who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Share Option Scheme

The Company adopted a share option scheme (the “**Share Option Scheme**”) by the approval of the shareholders of the Company and WOG at their respective annual general meetings held on 9 August 2016 for the primary purpose of providing incentives or rewards for the eligible persons for their contribution or potential contribution to the development and the growth of the Group. The Share Option Scheme became effective on 9 August 2016 and, unless otherwise terminated earlier by the shareholders of the Company at a general meeting, will remain in full force for a period of 10 years from that date.

Under the Share Option Scheme, share options may be granted to any director or proposed director of the Company (whether executive, or non-executive, including independent non-executive director), employee or proposed employee (whether full-time or part-time), secondee, any holder of securities issued by any member of the Group or holding company or any substantial shareholder or any company controlled by a substantial shareholder, any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group or any substantial shareholder or company controlled by a substantial shareholder, or any company controlled by one or more persons belonging to any of the above classes of participants.

During the period under review and as at 30 September 2017, no share options was granted, lapsed, cancelled or outstanding under the Share Option Scheme.

Corporate Governance and Other Information

Compliance with the Corporate Governance Code

In the opinion of the Board, the Company has complied with the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2017.

The Group is committed to maintaining a high standard of corporate governance with a strong emphasis on transparency, accountability, integrity and independence and enhancing the Company's competitiveness and operating efficiency, to ensure its sustainable development and to generate greater returns for the shareholders of the Company.

Update on Directors' Information

During the period under review, there is no change in information of directors of the Company since the publication of the 2017 annual report which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2017.

Model Code for Securities Transactions by Directors

The Company has adopted its code of conduct regarding the securities transactions by the directors of the Company on terms no less exacting terms than the required standard set forth in the Model Code set out in Appendix 10 to the Listing Rules. Having made specific enquiries of all directors, the Company confirmed that all directors had complied with the required standard set out in the Model Code throughout the period under review and no incident of non-compliance by the directors was noted by the Company during the period under review.

Corporate Governance and Other Information (Continued)

Audit Committee

The Company has established an audit committee (the “**Audit Committee**”) with specific written terms of reference in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over, among other things, the Group’s financial reporting process, internal controls, risk management and other corporate governance issues. The Audit Committee has reviewed with management the unaudited condensed consolidated financial statements for the six months ended 30 September 2017 of the Group. The Audit Committee comprises three independent non-executive directors of the Company, namely Mr. Li Wing Sum Steven, Mr. Sung Tze Wah and Sr Dr. Leung Tony Ka Tung. Mr. Li Wing Sum Steven was elected as the chairman of the Audit Committee.

Appreciations

I would like to take this opportunity to thank our customers, business partners and shareholders for the continued support given to the Group during the period. I would also like to thank my fellow member of the Board and all staff for their contribution to the Group.

By Order of the Board

Chan Chun Hong

Non-executive Chairman

Hong Kong, 21 November 2017

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Six months ended 30 September 2017

	Notes	Six months ended 30 September	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
REVENUE	4	12,071	60,305
Cost of sales		(1,801)	(26,786)
Gross profit		10,270	33,519
Other income and gains, net	4	930,934	4,043
Selling and distribution expenses		(11,290)	(37,215)
Administrative expenses		(50,008)	(39,723)
Finance costs	5	(29,407)	(3,694)
Fair value gains on investment properties, net		52,938	2,398
Share of loss of a joint venture		(710)	—
Reversal of write-down of properties under development		—	44,411
PROFIT BEFORE TAX	6	902,727	3,739
Income tax credit/(expense)	7	1,325	(248)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		904,052	3,491
Profit and total comprehensive income attributable to:			
Owners of the parent		903,850	11,425
Non-controlling interests		202	(7,934)
		904,052	3,491
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			(restated)
Basic and diluted	8	HK5.95 cents	HK0.08 cent

Condensed Consolidated Statement of Financial Position

30 September 2017

	Notes	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,285	1,314
Investment properties		1,568,800	1,229,300
Properties under development	10	33,157	415,004
Investment in a joint venture		714,862	—
Deposit and other receivable		6,626	32,844
Deferred tax assets		13,709	10,950
Total non-current assets		2,338,439	1,689,412
CURRENT ASSETS			
Properties under development	10	3,704,605	3,103,588
Prepayments, deposits and other receivables		1,239,116	1,874,491
Tax recoverable		2,442	3,331
Cash and cash equivalents		1,439,267	1,357,233
		6,385,430	6,338,643
Assets of a disposal group classified as held for sale	11	2,652,625	—
Total current assets		9,038,055	6,338,643
CURRENT LIABILITIES			
Trade payables	12	139,400	45,363
Other payables and accruals		13,460	11,595
Deposits received and receipts in advance		3,466,446	2,709,175
Interest-bearing bank and other loans		452,223	432,502
Tax payable		21,099	21,515
		4,092,628	3,220,150
Liabilities directly associated with the assets classified as held for sale	11	1,431,692	—
Total current liabilities		5,524,320	3,220,150
NET CURRENT ASSETS		3,513,735	3,118,493
TOTAL ASSETS LESS CURRENT LIABILITIES		5,852,174	4,807,905

Condensed Consolidated Statement of Financial Position (Continued)

30 September 2017

	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
<i>Note</i>		
TOTAL ASSETS LESS CURRENT LIABILITIES	5,852,174	4,807,905
NON-CURRENT LIABILITIES		
Interest-bearing bank and other loans	2,553,362	2,413,416
Deferred tax liabilities	3,217	2,875
Total non-current liabilities	2,556,579	2,416,291
Net assets	3,295,595	2,391,614
EQUITY		
Equity attributable to owners of the parent		
Issued capital	15,200	15,200
Reserves	3,291,938	2,388,159
	3,307,138	2,403,359
Non-controlling interests	(11,543)	(11,745)
Total equity	3,295,595	2,391,614

Condensed Consolidated Statement of Changes in Equity

Six months ended 30 September 2017

	Attributable to owners of the parent									
		Issued capital	Share premium account	Contributed surplus	Capital reserve	Merger reserve	Retained profits	Total	Non- controlling interests	Total equity
	Notes	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000
At 1 April 2016		1	—	1,553,914	(431)	—	478,971	2,032,455	(1,314)	2,031,141
Profit and total comprehensive income for the period		—	—	—	—	—	11,425	11,425	(7,934)	3,491
Issue of new shares pursuant to the Share Offer (as defined in note 13(ii))	13(ii)	3,800	345,800	—	—	—	—	349,600	—	349,600
Issue of new shares pursuant to the Capitalisation Issue (as defined in note 13(i))	13(i)	11,399	(11,399)	—	—	—	—	—	—	—
Share issue expenses		—	(17,512)	—	—	—	—	(17,512)	—	(17,512)
At 30 September 2016		15,200	316,889	1,553,914	(431)	—	490,396	2,375,968	(9,248)	2,366,720
At 1 April 2017		15,200	316,889	1,553,914	(431)	—	517,787	2,403,359	(11,745)	2,391,614
Profit and total comprehensive income for the period		—	—	—	—	—	903,850	903,850	202	904,052
Acquisition of a company controlled by the ultimate holding company	19(c)	—	—	—	—	(71)	—	(71)	—	(71)
At 30 September 2017		15,200	316,889*	1,553,914*	(431)*	(71)*	1,421,637*	3,307,138	(11,543)	3,295,595

* These reserve accounts comprise the consolidated reserves of HK\$3,291,938,000 (31 March 2017: HK\$2,388,159,000) in the condensed consolidated statement of financial position.

Condensed Consolidated Statement of Cash Flows

Six months ended 30 September 2017

		Six months ended	
		30 September	
		2017	2016
	<i>Notes</i>	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations		(190,575)	(207,370)
Profits tax paid		(202)	(25,838)
Net cash flows used in operating activities		(190,777)	(233,208)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	4	4,226	1,071
Additions to investment properties		(12,849)	—
Purchases of items of property, plant and equipment	10	(134)	(255)
Purchases of investment properties and properties under development through acquisition of subsidiaries that are not business	14	(847,725)	—
Proceeds from disposal of a subsidiary	15	703,753	—
Cash advanced to a joint venture		(1,912)	—
Net cash inflow from acquisition of subsidiaries		—	434
Net cash flows from/(used in) investing activities		(154,641)	1,250
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(59,804)	(19,660)
Repayment of bank loans		(1,184,822)	(35,766)
Repayment of other loan		(27,848)	—
New bank loans		1,695,145	178,483
New other loans		8,400	11,680
Proceeds from issue of shares	13(ii)	—	349,600
Share issue expenses		—	(20,710)
Net cash flows from financing activities		431,071	463,627

Condensed Consolidated Statement of Cash Flows (Continued)

Six months ended 30 September 2017

	Six months ended 30 September 2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
<i>Note</i>		
NET INCREASE IN CASH AND CASH EQUIVALENTS	85,653	231,669
Cash and cash equivalents at beginning of period	1,357,233	475,831
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,442,886	707,500
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances as stated in the condensed consolidated statement of financial position	1,439,267	707,500
Amount included in assets of a disposal group classified as held for sale	3,619	—
<i>11</i>		
Cash and bank balances as stated in the condensed consolidated statement of cash flow	1,442,886	707,500

Notes to Condensed Consolidated Financial Statements

30 September 2017

1. Basis of Preparation

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

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2017.

The accounting policies and the basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in the Group’s audited financial statements for the year ended 31 March 2017, which 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 HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the revised HKFRSs as disclosed in note 2 below.

These unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties, which have been measured at fair value. These unaudited interim condensed consolidated financial statements are presented in Hong Kong dollar (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

Notes to Condensed Consolidated Financial Statements (Continued)

30 September 2017

2. Changes in Accounting Policies and Disclosures

The Group has adopted the following revised HKFRSs for the first time for the current period's unaudited interim condensed consolidated financial statements:

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
<i>Annual Improvements 2014–2016 Cycle</i>	Amendments in relation to HKFRS 12— <i>Disclosure of Interest in Other Entities</i>

The adoption of these revised HKFRSs has had no significant financial effect on the unaudited interim condensed consolidated financial statements and there have been no significant changes to the accounting policies in the unaudited interim condensed consolidated financial information.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective in the current period.

3. Operating Segment Information

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

- (a) the property development segment engages in the development of properties; and
- (b) the property investment segment engages in investment and the trading of car parking spaces, industrial and commercial premises for rental or for sale.

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/loss before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs and head office and corporate expenses are excluded from such measurement.

The Group's revenue from external customers was derived solely from its operation in Hong Kong during the six months ended 30 September 2017 and 2016, and non-current assets of the Group were located in Hong Kong as at 30 September 2017 and 31 March 2017.

Notes to Condensed Consolidated Financial Statements (Continued)

30 September 2017

3. Operating Segment Information (Continued)

Information regarding these reportable segments, together with their related comparative information is presented below.

Reportable segment information

Six months ended 30 September

	Property development		Property investment		Total	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Segment revenue:						
Sales to external customers	2,133	47,822	9,938	12,483	12,071	60,305
Other revenue	927,071	3,327	52,575	2,043	979,646	5,370
Total	929,204	51,149	62,513	14,526	991,717	65,675
Segment results	896,207	11,336	56,210	8,539	952,417	19,875
<i>Reconciliation:</i>						
Interest income					4,226	1,071
Finance costs					(29,407)	(3,694)
Corporate and unallocated expenses					(24,509)	(13,513)
Profit before tax					902,727	3,739
Income tax credit/(expense)					1,325	(248)
Profit for the period					904,052	3,491
Other segment information:						
Depreciation	163	19	—	—	163	19
Reversal of write-down of properties under development	—	44,411	—	—	—	44,411
Share of loss of a joint venture	(710)	—	—	—	(710)	—
Capital expenditure*	134	255	288,700	—	288,834	255
Fair value gains on investment properties, net	363	363	52,575	2,035	52,938	2,398

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

Notes to Condensed Consolidated Financial Statements (Continued)

30 September 2017

4. Revenue, Other Income and Gains, Net

Revenue represents proceeds from the sale of properties and gross rental income received and receivable from investment properties.

An analysis of the Group's revenue, other income and gains, net, is as follows:

	Notes	Six months ended 30 September	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Revenue			
Sale of properties		—	48,140
Gross rental income		12,071	12,165
		12,071	60,305
Other income and gains, net			
Interest income		4,226	1,071
Forfeiture of deposits from customers		167	2,311
Gain on disposal of a subsidiary	15	457,143	—
Gain on remeasurement of 50% equity interest retained in the Wonder Sign Group as a joint venture	15	467,039	—
Management fee income		2,132	—
Others		227	661
		930,934	4,043

Notes to Condensed Consolidated Financial Statements (Continued)

30 September 2017

5. Finance Costs

An analysis of finance costs is as follows:

	Six months ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Interest on bank and other loans	51,324	28,526
Less: interest capitalised	(21,917)	(24,832)
	29,407	3,694

6. Profit Before Tax

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

	Six months ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Cost of properties sold	—	25,730
Depreciation	163	19
Minimum lease payments under operating leases	5,052	2,673
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	1,801	1,056

Notes to Condensed Consolidated Financial Statements (Continued)

30 September 2017

7. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

	Six months ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Current – Hong Kong		
Charge for the period	636	3,700
Underprovision in the prior periods	2	—
Deferred	(1,963)	(3,452)
Total tax charge/(credit) for the period	(1,325)	248

8. Earnings Per Share Attributable to Ordinary Equity Holders of the Parent

The calculation of basic earnings per share for the six months ended 30 September 2017 is based on the profit for the period attributable to owners of the parent of HK\$903,850,000 (six months ended 30 September 2016: HK\$11,425,000) and the weighted average number of ordinary shares of 15,200,000,000 (six months ended 30 September 2016: 14,971,584,700 (restated)) in issue during the six months ended 30 September 2017.

Notes to Condensed Consolidated Financial Statements (Continued)

30 September 2017

8. Earnings Per Share Attributable to Ordinary Equity Holders of the Parent (Continued)

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the six months ended 30 September 2016 included 1,000,000 (restated) ordinary shares of the Company issued on 2 December 2015, 11,399,000,000 (restated) ordinary shares of the Company issued by Capitalisation Issue (as defined in note 13(i)), on the assumption that these shares had been in issue throughout the six months ended 30 September 2016, and the Share Subdivision (as defined in note 13(iii)) had been completed on 1 April 2016, and the weighted average number of 3,571,584,700 (restated) ordinary shares of the Company issued upon the completion of the listing of the Company, as further detailed in note 13(ii) to the unaudited interim condensed consolidated financial statements.

No adjustment has been made to the basic earnings per share presented for the six months ended 30 September 2017 and 2016 as the Group had no potentially dilutive ordinary shares in issue during those periods.

9. Interim Dividends

The directors of the Company do not recommend the payment of any dividend for the six months ended 30 September 2017 and 2016.

10. Additions to Property, Plant and Equipment and Properties Under Development

During the six months ended 30 September 2017, the Group incurred HK\$134,000 (six months ended 30 September 2016: HK\$255,000) on the additions of items of property, plant and equipment.

During the six months ended 30 September 2017, the Group incurred HK\$693,918,000 (six months ended 30 September 2016: HK\$149,480,000) on the additions of properties under development.

Notes to Condensed Consolidated Financial Statements (Continued)

30 September 2017

11. Assets Classified as Held for Sale and Liabilities Directly Associated with the Assets Classified as Held for Sale

	2017 HK\$'000
Assets classified as held for sale	
Assets of a disposal group classified as held for sale	
— Ease Mind Investments Limited (“ Ease Mind ”) and its subsidiary (“ Ease Mind Group ”)	2,652,625
Liabilities directly associated with assets classified as held for sale	
Liabilities of a disposal group classified as held for sale	
— Ease Mind Group	1,431,692

Note:

On 8 September 2017, the Group entered into a sale and purchase agreement with an independent third party to dispose of 60% of the issued capital of Ease Mind and 60% of the shareholder’s loan owed to its immediate holding company for a total consideration of HK\$2,441,250,000 (subject to adjustment). The principal activity of Ease Mind Group is property development in Hong Kong. As at the date of this report, the transaction has not been completed.

Further details of this disposal are set out in the Company’s circular dated 12 October 2017.

Notes to Condensed Consolidated Financial Statements (Continued)

30 September 2017

11. Assets Classified as Held for Sale and Liabilities Directly Associated with the Assets Classified as Held for Sale (Continued)

The assets and liabilities of the Ease Mind Group (excluding shareholder's loan which is eliminated on consolidation) as at 30 September 2017 are as follows:

	HK\$'000
Assets	
Properties under development	2,648,915
Prepayments, deposits and other receivables	91
Cash and cash equivalents	3,619
Assets of a disposal group classified as held for sale	2,652,625
Liabilities	
Trade payables	2,680
Other payables and accruals	11,037
Interest-bearing bank loan	1,417,975
Liabilities directly associated with the assets classified as held for sale	1,431,692
Net assets directly associated with the disposal group	1,220,933

Notes to Condensed Consolidated Financial Statements (Continued)

30 September 2017

12. Trade Payables

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

	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
Within 30 days	139,400	45,363

The trade payables are non-interest bearing and have an average term of 30 days. The carrying amounts of the trade payables approximate to their fair values.

13. Share Capital

	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
Authorised: 50,000,000,000 ordinary shares of HK\$0.001 each	50,000	50,000
Issued and fully paid: 15,200,000,000 ordinary shares of HK\$0.001 each	15,200	15,200

Notes to Condensed Consolidated Financial Statements (Continued)

30 September 2017

13. Share Capital (Continued)

The movement in the Company's share capital during the period from 1 April 2016 to 30 September 2017 is as follows:

	<i>Notes</i>	Number of ordinary shares (Unaudited)	Nominal value of ordinary shares (Unaudited) HK\$'000
Authorised:			
At 1 April 2016		5,000,000,000	50,000
Effect of Share Subdivision	<i>(iii)</i>	45,000,000,000	—
At 31 March 2017, 1 April 2017 and 30 September 2017		50,000,000,000	50,000
Issued and fully paid:			
At 1 April 2016		100,000	1
Issue of new shares pursuant to the Capitalisation Issue	<i>(i)</i>	1,139,900,000	11,399
Issue of new shares pursuant to the Share Offer	<i>(ii)</i>	380,000,000	3,800
Effect of Share Subdivision	<i>(iii)</i>	13,680,000,000	—
At 31 March 2017, 1 April 2017 and 30 September 2017		15,200,000,000	15,200

Notes:

- (i) Pursuant to the resolution of the shareholder passed on 17 March 2016, the Company allotted and issued a total of 1,139,900,000 shares, credited as fully paid at par, to Earnest Spot Limited on 12 April 2016 by way of capitalisation of the sum of HK\$11,399,000 standing to the credit of the share premium account of the Company (the "**Capitalisation Issue**"). This Capitalisation Issue was conditional on the share premium account being credited as a result of the issue of new shares to the public in connection with the Company's initial public offering as detailed in note (ii) below.

Notes to Condensed Consolidated Financial Statements (Continued)

30 September 2017

13. Share Capital (Continued)

Notes: (continued)

- (ii) In connection with the listing of the shares of the Company on the Main Board of the Stock Exchange (the “**Share Offer**”), 380,000,000 new ordinary shares of HK\$0.01 each were issued at a price of HK\$0.92 per share for a total cash consideration, before expenses, of HK\$349,600,000. Dealings in the shares of the Company on the Stock Exchange commenced on 12 April 2016.
- (iii) Pursuant to an ordinary resolution passed by the shareholders of the Company at the special general meeting of the Company held on 6 December 2016, every one issued and unissued existing ordinary share of HK\$0.01 each in the share capital of the Company was subdivided into ten subdivided shares of HK\$0.001 each (the “**Share Subdivision**”). The Share Subdivision was completed on 6 December 2016.

14. Acquisitions of Subsidiaries that are Not Business

For the six months ended 30 September 2017

The net assets acquired by the Group during the current period are as follows:

	PT Harvest HK\$'000 (note a)	Loyal Pioneer HK\$'000 (note b)	Total HK\$'000
Net assets acquired:			
Investment properties	274,549	—	274,549
Deferred tax assets	455	—	455
Prepayments, deposits and other receivables	847	—	847
Properties under development	—	2,575,195	2,575,195
Bank balances	—	5	5
Interest-bearing bank loan	—	(1,105,300)	(1,105,300)
	275,851	1,469,900	1,745,751
Satisfied by:			
Cash	275,851	1,469,900	1,745,751

Notes to Condensed Consolidated Financial Statements (Continued)

30 September 2017

14. Acquisitions of Subsidiaries that are Not Business (Continued)

For the six months ended 30 September 2017 (continued)

An analysis of the cash flows in respect of the acquisitions of PT Harvest Holdings Limited (“**PT Harvest**”) and Loyal Pioneer Limited (“**Loyal Pioneer**”) are as follows:

	PT Harvest HK\$'000	Loyal Pioneer HK\$'000	Total HK\$'000
Cash consideration	(275,851)	(1,469,900)	(1,745,751)
Deposits paid as at 31 March 2017	27,455	864,430	891,885
Bank balances acquired	—	5	5
Refund of partial consideration	—	6,136	6,136
Net outflow of cash and cash equivalents included in cash flows from investing activities for the period	(248,396)	(599,329)	(847,725)
Transaction costs of the acquisition included in cash flows from operating activities	(675)	(2,170)	(2,845)
	(249,071)	(601,499)	(850,570)

Notes:

- (a) On 20 February 2017, the Group entered into a provisional sale and purchase agreement with two independent third parties to acquire the entire equity interest in PT Harvest and its shareholders' loans, which is engaged in property investment in Hong Kong, for a total cash consideration of HK\$274,549,000. The acquisition was completed on 25 April 2017.

Pursuant to the relevant sale and purchase agreements, the cash consideration was adjusted to HK\$275,851,000 based on the net assets value of PT Harvest as at 25 April 2017 (the date of completion).

- (b) On 31 March 2017, the Group entered into a sale and purchase agreement with another two independent third parties to acquire the entire equity interest in Loyal Pioneer and its shareholders' loans, which is engaged in property development in Hong Kong, for a total cash consideration of HK\$1,469,900,000. The acquisition was completed on 19 May 2017.

Notes to Condensed Consolidated Financial Statements (Continued)

30 September 2017

15. Disposal of a Subsidiary

For the six months ended 30 September 2017

On 7 June 2017, the Group entered into a sale and purchase agreement with an independent third party to dispose of 50% equity interest in Wonder Sign Limited (“**Wonder Sign**”, together with its sole subsidiary, Double Bright Limited, collectively, the “**Wonder Sign Group**”) and assign the benefit of a shareholder loan owed by the Wonder Sign Group to the immediate holding company of Wonder Sign, which amounted to HK\$255,579,000 as at 7 June 2017, to the independent third party for a total consideration of HK\$664,485,000. The Wonder Sign Group was principally engaged in property development in Hong Kong. The disposal was completed on 7 June 2017. Upon completion of the disposal, the Wonder Sign Group ceased to be subsidiaries of the Group and was owned as to 50% by the Group and 50% by the purchaser and the Wonder Sign Group was accounted for a joint venture of the Group.

Pursuant to the relevant sale and purchase agreement, the cash consideration was adjusted to HK\$713,660,000 based on the net asset value of the Wonder Sign Group as at 7 June 2017 (the date of completion).

Notes to Condensed Consolidated Financial Statements (Continued)

30 September 2017

15. Disposal of a Subsidiary (Continued)

For the six months ended 30 September 2017 (continued)

Details of the net assets of the Wonder Sign Group disposed of during the current period and the financial impacts is summarised below:

	HK\$'000
Net assets disposed of:	
Property under development	394,891
Prepayments, deposits and other receivables	98,340
Cash and cash equivalents	12
	493,243
Professional fees and expenses	9,895
Gain on disposal of a subsidiary	457,143
Gain on remeasurement of 50% equity interest retained in the Wonder Sign Group as a joint venture	467,039
	1,427,320
Satisfied by:	
Cash	713,660
Fair value of 50% equity interest in the Wonder Sign Group (note)	713,660
	1,427,320

Note: The fair value was determined by the management with reference to the actual transaction price of the disposal. The Wonder Sign Group is principally engaged in property development in Hong Kong. The remaining interest held by the Group is re-measured at fair value at the date the Group lost control over the Wonder Sign Group.

Notes to Condensed Consolidated Financial Statements (Continued)

30 September 2017

15. Disposal of a Subsidiary (Continued)

For the six months ended 30 September 2017 (continued)

An analysis of the net inflow of cash and cash equivalents for the period in respect of the disposal of the Wonder Sign Group is as follows:

	HK\$'000
Cash consideration	713,660
Cash and cash equivalents disposed of	(12)
Professional fees and expenses	(9,895)
Net inflow of cash and cash equivalents in respect of disposal of the Wonder Sign Group	703,753

16. Operating Lease Arrangements

(a) As lessor

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

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
Within one year	13,848	22,429
In the second to fifth years, inclusive	3,186	7,537
	17,034	29,966

Notes to Condensed Consolidated Financial Statements (Continued)

30 September 2017

16. Operating Lease Arrangements (Continued)

(b) As lessee

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

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
Within one year	9,746	9,746
In the second to fifth years, inclusive	7,146	11,941
	16,892	21,687

17. Commitments

The Group had the following capital and other commitments at the end of the reporting period:

	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
Contracted, but not provided for:		
Properties under development	861,263	1,365,996
Acquisition of subsidiaries	—	885,664
	861,263	2,251,660

Notes to Condensed Consolidated Financial Statements (Continued)

30 September 2017

18. Contingent Liabilities

At the end of the reporting period, the Group has given guarantee to a bank in connection with a facility granted to the Wonder Sign Group up to HK\$992,000,000 as at 30 September 2017 (31 March 2017: Nil) and the banking facility guaranteed by the Group to the Wonder Sign Group was utilised to the extent of HK\$480,500,000 as at 30 September 2017 (31 March 2017: Nil).

19. Related Party Transactions

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period:

(a) Transactions with related parties

		Six months ended 30 September	
		2017	2016
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
Transactions with Wai Yuen Tong Medicine Holdings Limited and its subsidiaries (collectively, the "WYT Group") [#]			
— Rental income*	(i)	5,400	5,100
— Rental expenses paid*	(i)	3,313	752
— Purchases of products	(ii)	544	53
Management fee income from the Wonder Sign Group	(iii)	1,900	—

[#] The WYT Group ceased to be an associate of Wang On Group Limited ("WOG") since 29 September 2016 and became a fellow subsidiary of the Group.

* These related party transactions also constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Notes to Condensed Consolidated Financial Statements (Continued)

30 September 2017

19. Related Party Transactions (Continued)

(a) Transactions with related parties (continued)

Notes:

- (i) The transactions were based on terms mutually agreed between the Group and the WYT Group.
- (ii) The purchases from the WYT Group were made according to the published prices and conditions offered by the WYT Group to customers.
- (iii) Management fee income was received from the Wonder Sign Group in respect of management services on property development.

(b) Compensation of key management personnel of the Group

	Six months ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Short term employment benefits	11,215	15,592
Post-employment benefits	69	57
	11,284	15,649

- (c) On 11 August 2017, the Group acquired a fellow subsidiary (the "Target") from Join China Investment Limited, an indirectly wholly-owned subsidiary of WOG, for a consideration of HK\$2,800,100. The Target is principally engaged in property management. The difference between the cash consideration and the net assets value of the Target of HK\$71,000 was debited to the merger reserve.
- (d) The Group has given guarantee to a bank in connection with a facility granted to the Wonder Sign Group, further details of the guarantee is disclosed in note 18 to the condensed consolidated financial statements.

Notes to Condensed Consolidated Financial Statements (Continued)

30 September 2017

20. Fair Value and Fair Value Hierarchy of Financial Instruments

Management has assessed that the fair values of cash and bank balances, financial assets included in deposits and other receivables, financial liabilities included in trade payables, other payables and accruals and the current portion of interest-bearing bank and other loans approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the directors of the Company is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the directors of the Company and the audit committee of the Company. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the directors of the Company. The valuation process and results are discussed with the audit committee of the Company twice a year for interim and annual financial reporting.

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

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

The fair values of the non-current portion of interest-bearing bank and other loans have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other loans as at 30 September 2017 and 31 March 2017 was assessed to be insignificant.

21. Approval of the Unaudited Interim Condensed Consolidated Financial Information

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 21 November 2017.