You should read the following discussion and analysis of our Group's financial condition and results of operations together with our combined financial statements as at and for each of the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, including the accompanying notes, set out in the accountants' report included as Appendix I to this ***[REDACTED]****.* The accountants' report has been prepared in accordance with HKFRS. Potential investors should read the whole of the accountants' report included as Appendix I to this ***[REDACTED]*** and not rely merely on the information contained in this section. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. For additional information regarding these risks and uncertainties, please refer to the section headed "Risk Factors" in this ***[REDACTED]***.

OVERVIEW

We are a property developer and owner in Hong Kong, focusing on developing residential and commercial properties for sale and investing in commercial and industrial properties for capital appreciation. During the Track Record Period, our principal source of revenue was from our sale of properties, which accounted for over 90.0% of our total revenue in the respective periods. We also invest in commercial and industrial properties for stable recurring rental income. For the analysis of our Group's revenue during the Track Record Period, please refer to the sub-section headed "Business — Overview" in this **[REDACTED]**.

During the Track Record Period, we had developed three boutique residential development projects with distinct features in Hong Kong under the brand name of "The Met.", namely The Met. Sublime in Sai Ying Pun on the Hong Kong Island, and The Met. Focus and The Met. Delight in Hung Hom and Cheung Sha Wan, Kowloon, respectively. In addition, we had also re-developed an aged building in Mongkok, Kowloon into 726 Nathan Road, a Ginza-style commercial building, during the Track Record Period. Apart from operating our property development business, we have also been engaging in property investment business in Hong Kong since 1997. As at the Latest Practicable Date, we held:

(i) eight properties held for investment comprising seven commercial properties and one industrial property, with a total value of HK$598.5 million, valued by the Property Valuer as at 31 December 2015; and

(ii) one acquired property held for sale, which was a commercial property comprising 89 car parking spaces in Shatin Centre, with a total value of approximately HK$88.7 million, valued by the Property Valuer as at 31 December 2015.

For recent development of the portfolio of our property investment business, please refer to the section headed "Summary — Recent Developments and Material Adverse Change" in this **[REDACTED]**. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, our total revenue was approximately HK$509.8 million, HK$1,389.4 million, HK$1,228.8 million and HK$535.0 million, respectively.

During the Track Record Period, we derived our revenue primarily from the sale of properties. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, our revenue from sale of properties was approximately HK$469.2 million, HK$1,359.3 million, HK$1,208.6 million and HK$518.3 million, representing approximately 92.0%, 97.8%, 98.4% and 96.9% of our total revenue, respectively.

BASIS OF PRESENTATION

Pursuant to the Reorganisation as more fully explained in the sub-section headed "History, Development and Reorganisation — Reorganisation" in this **[REDACTED]**, our Company became the holding company of the companies now comprising our Group subsequent to the end of the Track Record Period on 16 March 2016. The companies now comprising our Group were under the common control of WOG before and after the Reorganisation. Accordingly, our financial information has been prepared on a combined basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Track Record Period.

The combined statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of our Group for the Track Record Period comprise the results and cash flows of all companies now comprising our Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of WOG, where this is a shorter period. The combined statements of financial position of our Group as at 31 March 2013, 2014 and 2015 and 30 September 2015 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from WOG's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

Equity interests in companies now comprising our Group held by parties other than WOG and changes therein prior to the Reorganisation are presented as non-controlling interests in equity. All intra-group transactions and balances have been eliminated on combination.

Please refer to Note 2.1 of the Accountants' Report as set out in Appendix I to this **[REDACTED]** for further details regarding our basis of presentation.

KEY FACTORS AFFECTING OUR PERFORMANCE

Our business, results of operations and financial condition are affected by a number of factors, many of which are beyond our control. Some of the key factors include the following:

General economic conditions and market cyclicality

Our business is heavily dependent on financial and economic conditions, and the continuous economic growth and demand for properties in Hong Kong. During the Track Record Period, all of our revenue was derived from Hong Kong.

The key macroeconomic factors that we consider to be important to our operations include general economic development, continuous growth of the private sector and government policies, including monetary policies. Economic growth boosts the general level of disposable income and the number of middle to upper-middle income households in Hong Kong, and has affected the supply of and demand for properties as well as property pricing trends. Consumer spending power and confidence and the level of business activities have also affected rental income from our investment properties. We expect the demand for our properties and our operating results to continue to be affected by macroeconomic conditions and the growth of the economies in Hong Kong.

Moreover, the property market in Hong Kong has historically been cyclical. Typically, periods of high economic growth are accompanied by higher selling prices or higher rental rates when compared to the prior selling prices or rental rates for a particular property. The opposite typically occurs during periods of slower economic growth or significant market disruptions. With respect to our development properties, although we aim to limit our market risk exposure by pre-selling a portion of our properties before they are completed, we are still subject to a certain level of risk based on fluctuations in the economy that affect the selling prices and timing of sale of our properties. With respect to our rental properties, as lease terms and the periods between rental reviews are typically several years or more, rental rates on individual premises are locked in for several years at a level which may diverge from the prevailing market rate for similar premises during the period until the lease expires or until the next rental review.

Regulatory environment and measures affecting the property industries

Our business has been, and will continue to be, affected by the regulatory environment in Hong Kong, including, specifically, policies and measures taken by the Hong Kong Government with respect to the property industries.

The Hong Kong Government has recently implemented a series of policies and regulations to slow down the residential property market and inflation of property prices, as well as to dampen property speculation. These policies and regulations include increased mortgage down payments, additional stamp duties on property sales, supply of land controls, restrictions on property financing, building regulations, suspension of the Capital Investment Entrant Scheme (an immigration scheme which allows an individual to gain residency status in Hong Kong through capital investments) and other fiscal policies. In addition, it has recently stated that it intends to speed up the development of public housing and public rental housing ("**PRH**") and make available a number of Home Ownership scheme flats, subsidised sales flats and PRH for sale. Measures have also been implemented by other regulatory bodies in Hong Kong including the Hong Kong Monetary Authority. Any of the foregoing events could in turn affect our results of operations and financial condition. For more details, please refer to the sections/paragraph headed "Industry Overview", "Regulatory Overview" and "Risk Factors — Risks relating to our Industry — Our business is subject to government policies and regulations, and in particular, we are susceptible to changes in policies related to the property industry in Hong Kong".

The policies of the Hong Kong Government have led, and may continue to lead to, changes in market conditions, including changes in property prices, costs of ownership, costs of development and the balance of supply and demand with respect to our properties. Furthermore, the adoption of more restrictive policies in the future may also lead to downturns in the real estate and retail industries in Hong Kong and have a significant impact on our business and results of operations.

Land acquisition costs, construction costs and related costs

Land acquisition costs, construction costs and related costs such as labour costs constitute a substantial portion of our costs and have had, and will continue to have, a significant impact on our business and results of operations. Land acquisition costs have generally been increasing over the years and are expected to continue to rise as competition in the property market in Hong Kong continues to intensify for a limited supply of undeveloped land. Moreover, policies relating to land, housing, conveyance and property taxes implemented by the Hong Kong Government as well as the general market sentiment, may also affect land acquisition prices.

The construction and related costs of our properties vary according to the SFA and the height of the buildings, the geology of the construction sites, as well as the use and price of certain key construction materials, such as steel and cement. In recent years, construction material costs and labour costs have generally been on the rise in Hong Kong due to inflation and government policies. Costs for construction materials and construction labour for a property development project are generally specified and included in the contractor fees agreed between us and our general contractors. While we aim to manage our costs efficiently through our cost control measures and procurement and bidding procedures, we outsource all the construction-related work for our property development projects to independent construction companies and are indirectly subject to increases in construction and labour costs, as such increases will likely prompt our contractors to increase their fee quotes for new property development projects in the future. We expect our property development costs to continue to be influenced by fluctuations in the cost of land and construction materials and the rise in labour costs for our property developments.

Timing and length of property development

The number of property development projects that a developer can undertake during any particular period is limited due to substantial capital requirements for land acquisition and construction costs, as well as limited land supply. The development of a property project will take a certain period of time before the commencement of pre-sales. Although the pre-sale of a property generates positive cash flows for us in the period in which it is made, no revenue is recognised in respect of the pre-sale of a property until its development has been completed, the relevant sale agreement has become unconditional, the economic benefit has accrued to us and the significant risks and rewards of the property have passed to the purchaser. As a result, our cash flows and results of operations may vary from period to period depending on the properties pre-sold/sold and delivered, as well as the average selling price, in the relevant period. In addition, delays in construction, regulatory approvals and other processes may adversely affect the timetables of our projects, which may in turn delay our pre-selling and delivery schedule and ultimately impact the timing of our revenue recognition. As a result of our property development schedules, our revenue, cash flow and results of operations have fluctuated in the past and are likely to continue to fluctuate in the future. Please refer to the paragraph headed "Risk Factors — Risks relating to Our Business — We generate revenue principally from the sale of properties, which depends on a number of factors including the schedule of our property development and the timing of property sales. Our profitability may fluctuate significantly between different periods, as our financial performance for a particular period depends on the mix of properties available for sale." in this **[REDACTED]** and the paragraph headed "Critical Accounting Policies — Revenue recognition" below in this section for more details.

Pre-sales

Selling properties before completion, known as the pre-sale of properties, constitutes one of the most important sources of our operating cash flows during our project development. Government regulations in Hong Kong allows us to pre-sell properties before completion upon the satisfaction of certain requirements, and requires us to use the proceeds to finance the development of properties that are pre-sold. The amount and timing of cash inflows from pre-sales are affected by a number of factors, including market demand for our properties subject to pre-sales and the number of properties available for pre-sale, timing and other restrictions on pre-sales imposed by the Hong Kong Government, availability and affordability of mortgage financings for our purchasers. Reduced cash flows from pre-sales of our properties may increase our reliance on external financing, which may increase our cost and impact our ability to finance our continuing property developments as well as profitability.

Access to and cost of financing

Substantial capital investments are required in our property development for land acquisition and construction, and it may take months or years before positive cash flows generate from a project. The capital investment can be funded by internally generated cash flows, external financing and funding raised from the capital markets. External financing, particularly bank loans, have been, and will continue to be, an important source of funding for our property developments. Our access to capital and cost of financing may be affected by restrictions imposed on bank lending for property developments by the Hong Kong Government. For example, the Hong Kong Government from time to time has imposed restrictions on bank lending for property development. To the extent the Hong Kong Government slows down the development of the private property sector, either by restricting loans to the sector or by increasing lending rates to the sector, our access to capital and cost of financing may be adversely affected. As such, any increase in interest rates offered to us, together with the general availability of credit, may significantly impact our property development business.

As at 31 March 2013, 2014 and 2015 and 30 September 2015, our total outstanding bank loans and other borrowings amounted to approximately HK$1,538.6 million, HK$1,197.1 million, HK$2,340.2 million and HK$2,136.5 million, respectively. The effect of increases in interest rates on our financing costs would be substantially recognised in cost of sales, once a property development project is completed and delivered to customers, in our combined statements of profit or loss and other comprehensive income. Furthermore, any increase in interest rates will affect the costs of mortgage financing to potential purchasers of our properties, which in turn may affect demand for our properties. For more details, please refer to the section headed "Risk Factors — Risks relating to Our Business — Our profit and results of operations are subject to changes in interest rates" in this **[REDACTED]**.

Changes in estimated fair value of our investment properties

Property values are affected by, among other factors, supply of and demand for comparable properties, the rate of economic growth, interest rates, inflation, political and economic developments, construction costs and the timing of the development of properties. We report our investment properties at fair value on our statements of financial position as non-current assets as at each financial statement date based on the valuations prepared by independent property valuers, and record changes in fair value in our combined statements of profit or loss and other comprehensive income. Property valuation involves the exercise of professional judgment and requires the use of certain bases and assumptions. The fair value of our investment properties may be higher or lower if the valuers use a different set of bases and assumptions or if the valuation is conducted by another independent qualified professional valuer using the same or a different set of bases and assumptions. Furthermore, property values are also affected by market fluctuations. Gains or losses arising from changes in the fair value of our investment properties may have a substantial effect on our profits. Any decrease in the fair value of our investment properties will adversely affect our profitability. In addition, increases in the fair value of investment properties are unrealised and do not generate any cash inflow to us until such investment properties are disposed of. We may therefore experience higher profitability through increases in the fair value of investment properties without a corresponding improvement to our cash position. We cannot assure you that levels of increases in the fair value of investment properties similar to those recognised during the Track Record Period can be sustained in the future or that the values will not fall, or that any disposals of investment properties will occur at prices similar to the valuations.

The fair value of our investment properties amounted to approximately HK$386.1 million, HK$898.6 million, HK$1,263.9 million, and HK$1,146.5 million, as at 31 March 2013, 2014 and 2015 and 30 September 2015, respectively. For the years ended 31 March 2013 and 2015 and the six months ended 30 September 2015, we had fair value gains on our investment properties of approximately HK$68.3 million, HK$47.6 million, and HK$39.2 million, respectively, while we had fair value losses on investment properties of approximately HK$25.3 million for the year ended 31 March 2014. The fair value of each of the investment properties has fluctuated, and is likely to continue to fluctuate, in accordance with the prevailing property market conditions.

Rental and occupancy rates

Our rental income depends principally on our rental rates and occupancy rates. Factors affecting our rental rates include the supply of comparable properties, the overall demand in the market, the floor area occupied by individual tenants, the trade sectors in which our tenants operate, general macroeconomic conditions (including inflation rates) and occupancy rates. In addition, occupancy rates largely depend on rental rates at competing properties, the supply and demand for comparable properties and the ability to minimise the intervals between lease expiries (or terminations) and the entry into new leases. In addition, occupancy rates of a new property tend to be lower during the initial ramp-up stage and subsequent renovation period.

Lease terms for our investment properties vary based on the type of properties and the geographical location. Lease terms for our commercial properties are generally for 1 to 4 years. The rental rates are generally reviewed around six months before the expiry of each lease term and appropriate adjustment will be made based on relevant market rates.

CRITICAL ACCOUNTING POLICIES

Our financial information has been prepared in accordance with HKFRS (which include all HKFRS, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRS effective for the accounting period commencing from 1 April 2015, together with the relevant transitional provisions, have been early adopted by our Group in the preparation of our financial information throughout the Track Record Period and in six months ended 30 September 2015.

Our financial information has been prepared under the historical cost convention, except for investment properties which have been measured at fair value, and is presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

We have identified below the accounting policies that we believe are the most critical to our combined financial statements. Our significant accounting policies and key assumptions concerning the future are set forth in detail in Note 3 to the Accountants' Report included as Appendix I to this **[REDACTED]**.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to our Group and when the revenue can be measured reliably, on the following bases:

(a) rental income, on a time proportion basis over the lease terms;

(b) from the provision of services when the services are rendered;

(c) from the sale of properties (including properties under development and completed properties held for sale), by the time the properties are delivered to the purchasers, the sale agreements become unconditional; and

(d) interest income, on an accrual basis using the effective interest rate method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that our Group incur in connection with the borrowing of funds.

Properties under development

Properties under development are stated at the lower of cost and net realisable value and comprise construction costs, borrowing costs, professional fees, payments for land use rights and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction of the relevant property development project is expected to be completed beyond the normal operating cycle. The normal operating cycle of our Group for properties under development represents the time between the commencement of development of a property and the completion of all the necessary procedures for such property to be ready for delivery, which normally ranges between 2.5 to 4 years. On completion, the properties are transferred to completed properties held for sale.

Sales deposits/instalments received and receivable from purchasers in respect of the pre-sale of properties under development prior to completion of the development are included in current liabilities.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and building costs attributable to unsold properties. Net realisable value is estimated by our Directors based on the prevailing market prices on an individual property basis.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

When an operating lease contract is entered into with another party on a property originally held for sale and upon the commencement of the lease, the property is transferred to investment property.

The difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by our Group as an owner-occupied property becomes an investment property, our Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation".

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to our Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where our Group is the lessor, assets leased by our Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of our Group's financial information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future. Our significant accounting judgements and estimates are set forth in detail in Note 4 to the Accountants' Report included as Appendix I to this **[REDACTED]**. Our Group believes the following critical accounting policies involve significant judgements and estimates used in the preparation of our financial information.

Valuation of properties under development and properties held for sale

Properties under development and properties held for sale are stated at the lower of cost and net realisable value. The cost of each unit in each phase of development is determined using the weighted average method. The estimated net realisable value is the estimated selling price less selling expenses and the estimated cost of completion (if any), which are estimated based on the best available information.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which the estimate is changed will be adjusted accordingly.

The amounts of write-down of properties under development of HK$36.0 million and HK$73.1 million, respectively, were recognised in profit or loss for the years ended 31 March 2013 and 2014. There was no write-down of properties under development recognised in profit or loss for the year ended 31 March 2015 and the six months ended 30 September 2015.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, our Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location or subject to different leases or other contracts, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The principal assumptions for our Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details on deferred tax assets are included in Note 25 to the Accountants' Report included as Appendix I to this **[REDACTED]**.

RESULTS OF OPERATIONS

The following table sets forth certain items derived from our combined statements of profit or loss and other comprehensive income for the periods indicated:

	Year ended 31 March						Six months ended 30 September			
	2013		2014		2015		2014		2015	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Revenue	509,833	100.0	1,389,372	100.0	1,228,771	100.0	506,875	100.0	535,026	100.0
Cost of sales	(201,448)	(39.5)	(596,540)	(42.9)	(666,005)	(54.2)	(220,219)	(43.4)	(351,853)	(65.8)
Gross profit	308,385	60.5	792,832	57.1	562,766	45.8	286,656	56.6	183,173	34.2
Other income and gains, net	597	0.1	8,429	0.6	20,101	1.6	6,172	1.2	3,284	0.6
Selling and distribution costs	(41,678)	(8.2)	(55,981)	(4.0)	(64,277)	(5.2)	(19,607)	(3.9)	(32,603)	(6.1)
Administrative expenses	(60,721)	(11.9)	(97,088)	(7.0)	(107,918)	(8.8)	(44,631)	(8.8)	(48,841)	(9.1)
Fair value gains/(losses) on investment properties, net	68,262	13.4	(25,301)	(1.8)	47,588	3.9	16,312	3.2	39,224	7.3
Fair value gain upon transfer of a property held for sale to an investment property	—	—	—	—	107,725	8.8	—	—	—	—
Write-down of properties under development to net realisable value, net	(36,049)	(7.1)	(73,068)	(5.3)	—	—	—	—	—	—
Other expenses	(1,929)	(0.3)	—	—	(698)	(0.1)	(660)	(0.1)	—	—
Finance costs	(11,090)	(2.2)	(18,950)	(1.4)	(24,649)	(2.0)	(10,316)	(2.0)	(15,135)	(2.8)
PROFIT BEFORE TAX	225,777	44.3	530,873	38.2	540,638	44.0	233,926	46.2	129,102	24.1
Income tax expenses	(38,596)	(7.6)	(103,866)	(7.5)	(80,950)	(6.6)	(38,677)	(7.6)	(20,591)	(3.8)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	187,181	36.7	427,007	30.7	459,688	37.4	195,249	38.6	108,511	20.3
Profit and total comprehensive income attributable to:										
Owners of our Company	187,181		427,319		459,864		195,350		109,254	
Non-controlling interests	—		(312)		(176)		(101)		(743)	
	187,181		427,007		459,688		195,249		108,511	

DESCRIPTION OF CERTAIN KEY ITEMS OF THE COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

Our revenue primarily represents (i) sale of properties; (ii) gross rental income; and (iii) property management fee income. An analysis of our Group's revenue for the periods indicated is as follows:

	Year ended 31 March						Six months ended 30 September			
	2013		2014		2015		2014		2015	
	HK$'000	%	*HK$'000*	%	*HK$'000*	%	*HK$'000* (unaudited)	%	*HK$'000*	%
Sale of properties	469,183	92.0	1,359,256	97.8	1,208,641	98.4	498,400	98.3	518,278	96.9
Gross rental income	39,193	7.7	26,860	1.9	18,054	1.5	7,421	1.5	16,012	3.0
Property management fee income	1,457	0.3	3,256	0.3	2,076	0.1	1,054	0.2	736	0.1
Total	509,833	100.0	1,389,372	100.0	1,228,771	100.0	506,875	100.0	535,026	100.0

Sale of properties

During the Track Record Period, we generated our revenue primarily from sale of properties which amounted to approximately HK$469.2 million, HK$1,359.3 million, HK$1,208.6 million and HK$518.3 million for the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, respectively, representing approximately 92.0%, 97.8%, 98.4% and 96.9% of our total revenue respectively.

Our revenue for the years ended 31 March 2014 and 2015 significantly increased, as compared to that of the year ended 31 March 2013, which was mainly due to the delivery of 726 Nathan Road and The Met. Focus in 2014 and 726 Nathan Road and The Met. Sublime in 2015.

Consistent with industry practice, we generally enter into sales contracts with our customers while our properties are still under construction, after satisfying the condition for pre-sales in accordance with Hong Kong laws and regulations. Before the properties are completed and delivered, payments received from purchasers are recorded as deposits received and receipts in advance, which is included in current liabilities in our combined statements of financial position. By the time the properties are delivered to the purchasers, the sale agreements become unconditional and revenue for sale of properties is recognised.

Our revenue from sale of properties for any given period is dependent upon GFA delivered and the selling prices of the properties we deliver during such period. The GFA delivered for any given period is driven primarily by property development schedules. ASPs are primarily affected by market demand, the type, location and positioning of the properties and our costs of development properties sold, including construction costs and land acquisition costs. Market demand and conditions of the Hong Kong property industry change from period to period and are affected by the overall economy of Hong Kong, including the purchasing power of consumers in Hong Kong and the demand for properties. During the Track Record Period, our GFA delivered and our ASP varied and therefore our revenue fluctuated from period to period depending on the types, location and size of the projects, as well as the stage of development of our property development projects.

During the Track Record Period, we sold and delivered two types of properties, namely, residential and commercial. The table below sets forth the revenue and the corresponding percentages of the revenue contributions to our total revenue generated from the sale of residential properties and commercial properties, respectively, for the periods indicated.

	Year ended 31 March						Six months ended 30 September			
	2013		2014		2015		2014		2015	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Residential	22,150	4.7	351,644	25.9	609,943	50.5	—	—	403,478	77.8
Commercial	447,033	95.3	1,007,612	74.1	598,698	49.5	498,400	100.0	114,800	22.2
Total	469,183	100.0	1,359,256	100.0	1,208,641	100.0	498,400	100.0	518,278	100.0

Residential properties

Revenue derived from the sale of residential properties increased to HK$351.6 million for the year ended 31 March 2014 from HK$22.2 million for the year ended 31 March 2013, and then further increased to HK$609.9 million for the year ended 31 March 2015. Revenue derived from sale of residential properties was approximately HK$403.5 million for the six months ended 30 September 2015. Those changes during the Track Record Period primarily reflect the combined effect of the fluctuation of (i) the total GFA of residential properties we delivered; and (ii) the average selling price per sq.ft. of the properties. The total GFA of residential properties we delivered was approximately 2,826 sq.ft., 36,150 sq.ft., 40,209 sq.ft. and 37,457 sq.ft. for the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, respectively.

The fluctuation of the average selling price per sq.ft. during the Track Record Period reflected the different types of residential properties as well as the different locations of the projects we delivered. The average selling price per sq.ft. was approximately HK$7,838 per sq.ft., HK$9,727 per sq.ft., HK$15,169 per sq.ft. and HK$10,772 per sq.ft. for the years ended 31 March 2013 and 2014 and 2015 and the six months ended 30 September 2015, respectively. The average selling price per sq.ft. for the year ended 31 March 2015 was relatively higher as compared to other periods, primarily due to the fact that the average selling price of the units of The Met. Sublime is higher than that of our other property development projects primarily attributable to its more favourable geographic location.

Commercial properties

Revenue from the sale of commercial properties amounted to approximately HK$447.0 million, HK$1,007.6 million, HK$598.7 million and HK$114.8 million, representing approximately 95.3%, 74.1%, 49.5% and 22.2% of our total revenue generated from the sale of properties for the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, respectively. Revenue derived from the sale of commercial properties was substantially recognised for the years ended 31 March 2013, 2014 and 2015, which was primarily due to the sales recognition of commercial properties of Grandeur Terrace in Tin Shui Wai and 726 Nathan Road during the periods.

The table below sets forth the total revenue recognised from sale of properties, the aggregate GFA and the recognised ASP for the periods and projects indicated:

	Year ended 31 March												Six months ended 30 September								
	2013				2014				2015				2014				2015			
Project	Revenue	%	GFA	ASP	Revenue	%	GFA	ASP	Revenue	%	GFA	ASP	Revenue	%	GFA	ASP	Revenue	%	GFA	ASP
	HK$'000	*%*	*sq.ft.*	*HK$/ sq.ft.*	*HK$'000*	*%*	*sq.ft.*	*HK$/ sq.ft.*	*HK$'000*	*%*	*sq.ft.*	*HK$/ sq.ft.*	*HK$'000* (unaudited)	*%*	*sq.ft.*	*HK$/ sq.ft.*	*HK$'000*	*%*	*sq.ft.*	*HK$/ sq.ft.*
The Met. Focus																				
Residential	—	—	—	—	351,644	25.9	36,150	9,727	—	—	—	—	—	—	—	—	—	—	—	—
Commercial	—	—	—	—	57,200	4.2	2,444	23,404	44,800	3.7	4,134	10,837	44,800	9.0	4,134	10,837	—	—	—	—
The Met. Sublime																				
Residential	—	—	—	—	—	—	—	—	609,943	50.5	40,209	15,169	—	—	—	—	59,178	11.4	3,150	18,787
Commercial	—	—	—	—	—	—	—	—	46,398	3.8	1,776	26,125	—	—	—	—	—	—	—	—
The Met. Delight																				
Residential	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	344,300	66.4	34,307	10,036
Commercial	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	114,800	22.2	6,923	16,582
726 Nathan Road																				
Commercial	—	—	—	—	488,036	35.9	17,403	28,043	507,500	42.0	19,800	25,631	453,600	91.0	17,600	25,773	—	—	—	—
Grandeur Terrace																				
Commercial	447,033	95.3	17,185	26,013	462,376	34.0	29,530	15,658	—	—	—	—	—	—	—	—	—	—	—	—
Royal Ascot																				
Residential	22,150	4.7	2,826	7,838	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	469,183	100.0	20,011	23,446	1,359,256	100.0	85,527	15,893	1,208,641	100.0	65,919	18,335	498,400	100.0	21,734	22,932	518,278	100.0	44,380	11,678
Analysed between:																				
Residential	22,150	4.7	2,826	7,838	351,644	25.9	36,150	9,727	609,943	50.5	40,209	15,169	—	—	—	—	403,478	77.8	37,457	10,772
Commercial	447,033	95.3	17,185	26,013	1,007,612	74.1	49,377	20,407	598,698	49.5	25,710	23,287	498,400	100.0	21,734	22,932	114,800	22.2	6,923	16,582
Total	469,183	100.0	20,011	23,446	1,359,256	100.0	85,527	15,893	1,208,641	100.0	65,919	18,335	498,400	100.0	21,734	22,932	518,278	100.0	44,380	11,678

The contracted sale of our Group amounted to approximately HK$2,026.9 million, HK$1,025.3 million, HK$158.6 million and HK$74.0 million for the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, respectively. The table below sets forth the breakdown of the contracted sale of properties for the periods and projects indicated:

	Year ended 31 March			Six months ended 30 September	
	2013	**2014**	**2015**	**2014**	**2015**
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million* (unaudited)	*HK$ million*
The Met. Focus	27.0	102.0	—	—	—
The Met. Sublime	532.9	47.3	108.9	71.5	30.5
The Met. Delight	—	413.9	49.7	—	—
726 Nathan Road	995.5	—	—	—	43.5
Grandeur Terrace	458.0	462.1	—	—	—
Royal Ascot	13.5	—	—	—	—
Total	2,026.9	1,025.3	158.6	71.5	74.0

Gross rental income

Our rental income represents rental income received from operating lease of our properties situated in Hong Kong. During the Track Record Period, our rental income has been recognised based on effective rental in accordance with HKFRS. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, our total rental income was approximately HK$39.2 million, HK$26.9 million, HK$18.1 million and HK$16.0 million, respectively, representing approximately 7.7%, 1.9%, 1.5% and 3.0% of our total revenue.

Property management fee income

We expect that we will not generate any property management fee income going forward as we no longer provide property management services after the disposal of Riviera Plaza in Tsuen Wan in February 2016. Property management income mainly represents revenue generated from property management services we provided to the tenants of Grandeur Terrace in Tin Shui Wai and Riviera Plaza in Tsuen Wan as and when we were the owner and landlord of such properties, through third-party service providers. Our revenue from property management services increased significantly from approximately HK$1.5 million for the year ended 31 March 2013 to approximately HK$3.3 million for the year ended 31 March 2014, primarily due to the increase in the property management fee income generated from Riviera Plaza subsequent to the acquisition in 2013. Our property management services were specific to Grandeur Terrace (which we had disposed of during the year ended 31 March 2014) and Riviera Plaza (which we had disposed of in February 2016).

Cost of sales

Cost of sales represents (i) cost of properties sold, (ii) cost related to leasing properties and (iii) cost of property management services provided. The table below sets out the cost of sales breakdown for the periods indicated:

	Year ended 31 March						Six months ended 30 September			
	2013		2014		2015		2014		2015	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Cost of properties sold	198,465	98.5	577,440	96.8	658,349	98.8	216,334	98.2	348,466	99.0
Cost related to leasing properties	513	0.3	460	0.1	427	0.1	230	0.1	200	0.1
Cost of property management services provided	2,470	1.2	18,640	3.1	7,229	1.1	3,655	1.7	3,187	0.9
Total	201,448	100.0	596,540	100.0	666,005	100.0	220,219	100.0	351,853	100.0

Cost of properties sold

Cost of properties sold consists of costs directly associated with revenue from the sale of properties recognised during the corresponding period. During the Track Record Period, cost of properties sold comprised (i) properties acquisition costs, (ii) land acquisition costs, (iii) construction costs and consultancy fees, (iv) capitalised borrowing costs and (v) others. Others primarily include employee benefits costs for our property team.

The following table sets forth a breakdown of cost of properties sold for the periods indicated:

	Year ended 31 March						Six months ended 30 September			
	2013		2014		2015		2014		2015	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Properties acquisition costs	197,189	99.4	141,383	24.5	—	—	—	—	—	—
Land acquisition costs	—	—	255,367	44.2	418,676	63.6	145,796	67.4	185,011	53.1
Construction costs and consultancy fees	—	—	155,154	26.9	207,332	31.5	58,531	27.1	142,480	40.9
Capitalised borrowing costs	—	—	18,745	3.2	22,121	3.4	9,187	4.2	11,249	3.2
Others	1,276	0.6	6,791	1.2	10,220	1.5	2,820	1.3	9,726	2.8
Total	198,465	100.0	577,440	100.0	658,349	100.0	216,334	100.0	348,466	100.0

(1) Properties Acquisition Costs

Properties acquisition costs represent all of the costs for the acquisition and renovation of our properties. For the years ended 31 March 2013 and 2014, our properties acquisition costs mainly represent costs relating to the acquisition and renovation of Grandeur Terrace in Tin Shui Wai and Royal Ascot.

(2) Land Acquisition Costs

Land acquisition costs represent costs relating to the acquisition of the rights to occupy, use and develop land incurred in connection with land grants from the Hong Kong Government and corporate acquisition or otherwise. Our land acquisition costs are influenced by a number of factors, including the location of the underlying property project, property market condition, timing of the land acquisition, the project's plot ratio and the designated use of the underlying land. Land acquisition costs are also affected by our method of acquisition and subject to changes in policies and regulations of the Hong Kong Government.

(3) Construction Costs and Consultancy Fees

Construction costs and consultancy fees include all of the costs for the design and construction of a project, including payments to (i) third-party contractors for construction works and services and construction material costs; and (ii) consultants. Our construction costs are affected by a number of factors such as changes in construction labour costs and construction materials costs (particularly steel bars and concrete), choice of materials to be used, landscaping and investments in ancillary facilities.

(4) Capitalised Borrowing Costs

We capitalise a portion of our cost of bank borrowings (including interest expenses) to the extent that such cost is directly attributable to the acquisition and development of the development property during the period of development until the completion of development. Fluctuations in the amount and timing of capitalisation from period to period may also affect our finance costs.

Cost related to leasing properties

Cost related to leasing properties represents primarily costs associated with the management of our investment properties we leased to third party tenants, primarily including the government rent and rates and repair and maintenance expenses.

Cost related to property management services provided

Cost related to property management services provided primarily represents costs of utilities and payments to third-party service providers in relation to security and cleaning services associated with the management of our shopping malls, Riviera Plaza in Tsuen Wan and Grandeur Terrace in Tin Shui Wai.

Gross profit and gross profit margin

Our gross profit for the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015 was approximately HK$308.4 million HK$792.8 million, HK$562.8 million and HK$183.2 million, respectively. Our gross profit margin for the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015 was approximately 60.5%, 57.1%, 45.8% and 34.2%, respectively.

The table below sets forth a breakdown of the gross profit and gross profit margin ("**GP Margin**") for the periods indicated:

	Year ended 31 March						Six months ended 30 September			
	2013		2014		2015		2014		2015	
	Gross profit	GP Margin	Gross profit	GP Margin	Gross profit	GP Margin	Gross profit	GP Margin	Gross profit	GP Margin
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Sale of properties	270,718	57.7	781,816	57.5	550,292	45.5	282,066	56.6	169,812	32.8
Rental income	38,680	98.7	26,400	98.3	17,627	97.6	7,191	96.9	15,812	98.8
Property management services	(1,013)	N/A	(15,384)	N/A	(5,153)	N/A	(2,601)	N/A	(2,451)	N/A
Total	308,385	60.5	792,832	57.1	562,766	45.8	286,656	56.6	183,173	34.2

Other income and gains

Other income and gains consists primarily of (i) income received from forfeiture of deposits, (ii) reversal of provision, (iii) bank and other interest income and (iv) others. The following table sets forth a breakdown of our other income and gains for the periods indicated:

	Year ended 31 March						Six months ended 30 September			
	2013		2014		2015		2014		2015	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Bank and other interest income	7	1.2	99	1.2	9	0.1	4	0.1	110	3.3
Forfeiture of deposits from customers	—	—	—	—	18,913	94.1	6,051	98.0	2,461	75.0
Reversal of provision for tax indemnity	—	—	6,112	72.5	—	—	—	—	—	—
Others	590	98.8	2,218	26.3	1,179	5.8	117	1.9	713	21.7
Total	597	100.0	8,429	100.0	20,101	100.0	6,172	100.0	3,284	100.0

During the year ended 31 March 2015 and the six months ended 30 September 2015, our Group received forfeiture of deposits of approximately HK$18.9 million and HK$2.5 million, respectively, which primarily represents the non-refundable deposits paid by prospective purchasers of our properties which were forfeited as a result of their failure to subsequently complete the relevant property transactions.

During the year ended 31 March 2014, our Group recorded a reversal of provision for tax indemnity of approximately HK$6.1 million due to the expiry of tax indemnity provided under an agreement entered into in August 2010 for the disposal of five property-holding subsidiaries of our Group.

Selling and distribution expenses

Selling and distribution expenses comprise (i) sales commissions paid to independent property sales agents for completed sale of our properties; (ii) advertising and promotion expenses relating to the sales and marketing of our properties; (iii) rental expense and management fee for our sales office; (iv) costs incurred for the show rooms in relation to our pre-sales activities; (v) legal and professional fee for the preparation of legal documents for sale of our properties; and (vi) other selling and distribution expenses. Others mainly include repair and maintenance expenses and utilities expenses. Our selling and distribution expenses in a given period are affected by a number of factors, including the number of new property development projects launched in that period and the market demand for the property development projects at the time of pre-sales.

The following table sets forth a breakdown of our selling and distribution expenses for the periods indicated:

	Year ended 31 March						Six months ended 30 September			
	2013		2014		2015		2014		2015	
	HK$'000	%	*HK$'000*	%	*HK$'000*	%	*HK$'000* (unaudited)	%	*HK$'000*	%
Sales commissions	27,479	65.9	46,040	82.2	54,888	85.4	14,628	74.6	24,172	74.2
Advertising and promotion expenses	3,760	9.0	2,823	5.0	1,868	2.9	1,325	6.8	1,607	4.9
Rental expenses and management fee	3,242	7.8	3,559	6.4	3,766	5.9	1,979	10.1	2,002	6.1
Show room costs	4,841	11.6	1,032	1.8	1,771	2.8	696	3.5	1,537	4.7
Legal and professional fee	894	2.2	1,210	2.2	793	1.2	213	1.1	969	3.0
Others	1,462	3.5	1,317	2.4	1,191	1.8	766	3.9	2,316	7.1
Total	41,678	100.0	55,981	100.0	64,277	100.0	19,607	100.0	32,603	100.0

Administrative expenses

Administrative expenses comprise (i) employee benefit costs, (ii) donation to charities, (iii) management fee for the administrative services and the office space provided by the Remaining Parentco Group, (iv) entertainment expenses, (v) professional fees and (vi) other administrative expenses. Employee benefit costs represent staff salaries, welfare, benefits and staff bonuses as incentive and reward to our employee. Others primarily include recruitment expenses and offices rental expenses.

The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	Year ended 31 March						Six months ended 30 September			
	2013		2014		2015		2014		2015	
	HK$'000	%	*HK$'000*	%	*HK$'000*	%	*HK$'000* (unaudited)	%	*HK$'000*	%
Employee benefit costs	45,443	74.9	64,871	66.8	76,912	71.3	26,996	60.5	28,732	58.8
Donation	3,233	5.3	14,012	14.4	11,996	11.1	8,239	18.5	9,889	20.3
Management fee	5,469	9.0	9,306	9.6	12,255	11.4	5,803	13.0	7,290	14.9
Entertainment expenses	63	0.1	1,804	1.9	1,188	1.1	1,038	2.3	152	0.3
Professional fees	3,169	5.2	4,180	4.3	3,733	3.4	1,910	4.3	1,966	4.0
Others	3,344	5.5	2,915	3.0	1,834	1.7	645	1.4	812	1.7
Total	60,721	100.0	97,088	100.0	107,918	100.0	44,631	100.0	48,841	100.0

Fair value gains/(losses) on investment properties

Our property interests held for generating rental income under operating lease arrangement are measured using fair value model and are accounted for as investment properties during the Track Record Period. Investment properties are stated at fair value on the combined statements of financial position as non-current assets as at each financial statement date based on the valuations prepared by the independent property valuers. The increase/(decrease) in fair value of investment properties were non-cash and non-taxable gains/(losses) which did not constitute any cash nor tax effect to our financial results during the Track Record Period. Our fair value gains on investment properties were approximately HK$68.3 million, HK$47.6 million and HK$39.2 million for the years ended 31 March 2013 and 2015 and the six months ended 30 September 2015, respectively. Our Group recorded fair value loss of approximately HK$25.3 million for the year ended 31 March 2014.

Fair value gain upon transfer of a property held for sale to an investment property

Fair value gain upon transfer to investment properties represents the fair value gain we record based on the valuation of properties upon transfer of such properties from properties held for sale to investment properties. During the year ended 31 March 2015, the shop on the ground floor of one of our property development projects, 726 Nathan Road, was leased out for rental income instead of being held for sale. Accordingly, the property was transferred from a property held for sale to an investment property and recorded fair value gain of approximately HK$107.7 million upon such transfer for the year ended 31 March 2015. Save for the transfer of the aforementioned property for the year ended 31 March 2015, we did not transfer any other properties from properties held for sale to investment properties for the years ended 31 March 2013 and 2014 and the six months ended 30 September 2015 and therefore did not recognise any fair value gain upon transfer to investment properties during such periods.

Write-down of properties under development to net realisable value, net

Properties under development and properties held for sale are stated at the lower of cost and net realisable value. If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and properties held for sale. Write-down expenses of properties under development amounted to approximately HK$36.0 million and HK$73.1 million for the years ended 31 March 2013 and 2014, which was in relation to both the Sze Shan Street Project and the 575 Nathan Road Project, mainly as a result of (i) the adjusted land premium offered by the Hong Kong Government in relation to the Sze Shan Street Project; and (ii) the introduction of BSD by the Hong Kong Government in October 2012 and the introduction of prudential measures for property mortgage loans by the Hong Kong Monetary Authority in September 2012 and February 2013, which had an adverse impact on the property market. There was no write-down of properties under development recognised for the year ended 31 March 2015 and the six months ended 30 September 2015.

Other expenses

Other expenses consist of loss on disposal of investment properties and property, plant and equipment. Our other expenses for the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015 were approximately HK$1.9 million, nil, HK$0.7 million and nil, respectively.

The table below sets forth a breakdown of the other expenses for the periods indicated:

	Year ended 31 March						Six months ended 30 September			
	2013		**2014**		**2015**		**2014**		**2015**	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Loss on disposal of investment properties	1,924	99.7	—	—	660	94.6	660	100.0	—	—
Loss on disposal of items of property, plant and equipment	5	0.3	—	—	38	5.4	—	—	—	—
Total	1,929	100.0	—	—	698	100.0	660	100.0	—	—

Finance costs

Finance costs primarily consist of interest on borrowings less interest capitalised relating to properties under development to the extent that such costs are directly attributable to the acquisition and construction of a project or project phase. The capitalisation of borrowing costs relating to property under development commences when it undertakes activities that are necessary to prepare the assets for its intended use or sale and ceases when the property is substantially ready for its intended use or sale. Since the construction period of a project is not always consistent with the bank loan borrowing period, not all the interest expense related to a project can be capitalised. As a result, the finance costs fluctuate from period to period depending on the level of outstanding indebtedness and the interest rates on such indebtedness, as well as the amount of capitalised borrowing costs, and the timing of the capitalisation of such costs, within the reporting period.

The following table sets forth a breakdown of our finance costs for the periods indicated:

	Year ended 31 March			Six months ended 30 September	
	2013	**2014**	**2015**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Interest on bank and other loans	27,454	40,393	54,106	18,631	33,265
Less: Interest capitalised	(16,364)	(21,443)	(29,457)	(8,315)	(18,130)
Finance costs	11,090	18,950	24,649	10,316	15,135

Income tax expenses

Our income tax expenses primarily include current and deferred tax. Current tax comprises Hong Kong profits tax, which was provided at the rate of 16.5% on the estimated assessable profits for each of the years during the Track Record Period. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, our Group's effective income tax rate (calculated as income tax expense divided by profit before tax) was 17.1%, 19.6%, 15.0% and 15.9%, respectively.

Our Directors confirm that our Group had duly paid all taxes during the Track Record Period and up to the Latest Practicable Date and there were no matters in dispute or unresolved with the relevant tax authorities.

The following table sets forth a breakdown of our income tax expense for the periods indicated:

	Year ended 31 March			Six months ended 30 September	
	2013	**2014**	**2015**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Current — Hong Kong					
Charge for the year/period	38,637	107,791	82,072	41,982	16,117
Under/(over) provision in prior years/periods	133	459	(459)	(493)	(127)
Deferred	(174)	(4,384)	(663)	(2,812)	4,601
Income tax expense for the year/period	38,596	103,866	80,950	38,677	20,591

Bermuda and BVI Tax

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands, our Group is not subject to any income tax in Bermuda and the British Virgin Islands.

Hong Kong Profits Tax

We are subject to the profits tax of Hong Kong for which the applicable statutory tax rate during the Track Record Period is 16.5%.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six months ended 30 September 2015 compared to six months ended 30 September 2014

Revenue

Our revenue increased by approximately 5.5% to approximately HK$535.0 million for the six months ended 30 September 2015 from approximately HK$506.9 million for the six months ended 30 September 2014. This increase was primarily due to an increase in our revenue from the sale of residential properties.

Revenue from the sale of residential properties increased to approximately HK$403.5 million for the six months ended 30 September 2015 from nil for the six months ended 30 September 2014, primarily due to the completion and delivery of The Met. Delight during the period. The ASP of residential properties delivered for the six months ended 30 September 2015 was approximately HK$10,772 per sq.ft.

Revenue from the sale of commercial properties decreased by approximately 77.0% to HK$114.8 million for the six months ended 30 September 2015 from approximately HK$498.4 million for the six months ended 30 September 2014. For the six months ended 30 September 2015, revenue from sale of commercial properties mainly represented the delivery of commercial properties of The Met. Delight. The decrease in revenue from sale of commercial properties for the six months ended 30 September 2015 was mainly due to the delivery of commercial properties of 726 Nathan Road for the six months ended 30 September 2014, contributing approximately HK$453.6 million of revenue to our Group, the ASP of which was approximately HK$25,773 per sq.ft., while no units of such properties was delivered for the six months ended 30 September 2015.

Rental income increased by approximately HK$8.6 million, or 116.2%, to approximately HK$16.0 million for the six months ended 30 September 2015 from approximately HK$7.4 million for the six months ended 30 September 2014, mainly due to the (i) commencement of the lease of a shop in Causeway Bay since February 2015 and a shop in Mongkok since December 2014, which contributed rental income of approximately HK$5.1 million and HK$2.1 million for the six months ended 30 September 2015, respectively; and (ii) the general increase in rentals upon renewal of several tenancy agreements we entered into with our tenants.

Property management income decreased by approximately HK$0.4 million, or 36.4%, to approximately HK$0.7 million for the six months ended 30 September 2015 from approximately HK$1.1 million for the six months ended 30 September 2014, primarily due to the temporary closure of Riviera Plaza in Tsuen Wan for planned renovation works since August 2014.

Cost of sales

Cost of sales increased by approximately 59.8% to approximately HK$351.9 million for the six months ended 30 September 2015 from approximately HK$220.2 million for the six months ended 30 September 2014. This increase was primarily due to an increase in our cost of properties sold.

Cost of properties sold increased by approximately 61.1% to approximately HK$348.5 million for the six months ended 30 September 2015 from approximately HK$216.3 million for the six months ended 30 September 2014, primarily attributable to the increase in total GFA delivered for the six months ended 30 September 2015 as mentioned above.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit decreased by approximately 36.1% to approximately HK$183.2 million for the six months ended 30 September 2015 from approximately HK$286.7 million for the six months ended 30 September 2014. Our gross profit margin decreased to approximately 34.2% for the six months ended 30 September 2015 from approximately 56.6% for the six months ended 30 September 2014, primarily due to the lower gross profit margin of The Met. Delight, the delivery of which commenced in April 2015, the selling prices of which were affected by factors such as, the location, the supply of comparable properties in the neighbourhood, as compared to 726 Nathan Road which was delivered in 2014, with a higher profit margin that is generally enjoyed by commercial properties based on our Group's experience.

Other income and gains

Other income and gains decreased by approximately 46.8% to approximately HK$3.3 million for the six months ended 30 September 2015 from approximately HK$6.2 million for the six months ended 30 September 2014, primarily due to the decrease in forfeitures of deposits received of approximately HK$3.6 million for the six months ended 30 September 2015.

Selling and distribution expenses

Selling and distribution expenses increased by approximately 66.3% to approximately HK$32.6 million for the six months ended 30 September 2015 from approximately HK$19.6 million for the six months ended 30 September 2014, primarily due to the increase in commission we paid to the real estate agencies resulting from (i) the increase in the revenue from the sale of residential properties during the six months ended 30 September 2015; and (ii) a higher commission rate we offered to real estate agencies for all sales of residential properties in 2015, compared with those of commercial properties delivered in 2014.

Administrative expenses

Administrative expenses increased by approximately 9.4% to approximately HK$48.8 million for the six months ended 30 September 2015 from approximately HK$44.6 million for the six months ended 30 September 2014, primarily attributable to an increase in employee benefit costs as a result of an increase in the number of headcount for the continuous expansion of our operations in property development.

Fair value gains/(losses) on investment properties

Fair value gains of investment properties increased by approximately 140.5% to approximately HK$39.2 million for the six months ended 30 September 2015 from approximately HK$16.3 million for the six months ended 30 September 2014. The increase was mainly due to improvement in property market conditions.

Other expenses

Other expenses decreased to nil for the six months ended 30 September 2015 from approximately HK$0.7 million for the six months ended 30 September 2014, primarily due to the recognition of loss on disposal of investment properties of approximately HK$0.7 million for the six months ended 30 September 2014. No such expenses was recorded for the six months ended 30 September 2015.

Finance costs

Finance costs increased to approximately HK$15.1 million for the six months ended 30 September 2015 from approximately HK$10.3 million for the six months ended 30 September 2014, which was due to an increase of approximately HK$14.6 million in interest on bank loans and other loans, primarily due to an increase in average bank borrowings outstanding during the six months ended 30 September 2015, partially offset by an increase of approximately HK$9.8 million in interest capitalised in development properties.

Income tax expenses

Income tax expenses decreased by approximately 46.8% to approximately HK$20.6 million for the six months ended 30 September 2015 from approximately HK$38.7 million for the six months ended 30 September 2014, primarily due to a decrease in income tax charge of approximately HK$25.9 million which reflected our decreased profit before tax for the six months ended 30 September 2015.

Our effective tax rate remained relatively stable at approximately 16.5% for the six months ended 30 September 2014 and approximately 15.9% for the six months ended 30 September 2015.

Profit for the period

As a result of the foregoing, profit for the period decreased by approximately 44.4% to approximately HK$108.5 million for the six months ended 30 September 2015 from approximately HK$195.2 million for the six months ended 30 September 2014.

Year ended 31 March 2015 compared to year ended 31 March 2014

Revenue

Our revenue decreased by approximately 11.6% to approximately HK$1,228.8 million for the year ended 31 March 2015 from approximately HK$1,389.4 million for the year ended 31 March 2014. This decrease was primarily due to a decrease in our revenue from the sale of commercial properties.

Revenue from the sale of residential properties increased by approximately 73.5% to approximately HK$609.9 million for the year ended 31 March 2015 from approximately HK$351.6 million for the year ended 31 March 2014, primarily due to an increase in the ASP and total GFA we delivered. The ASP of residential properties increased by approximately 55.9% from approximately HK$9,727 per sq.ft. for the year ended 31 March 2014 to approximately HK$15,169 per sq.ft. for the year ended 31 March 2015, primarily due to the delivery of The Met. Sublime in 2015, the ASP of which was relatively higher than our other properties due to its favourable geographic location. The total GFA delivered increased by approximately 11.2% from 36,150 sq.ft. for the year ended 31 March 2014 to 40,209 sq.ft. for the year ended 31 March 2015, primarily due to the completion and delivery of The Met. Sublime for the year ended 31 March 2015.

Revenue from the sale of commercial properties decreased by approximately 40.6% to HK$598.7 million for the year ended 31 March 2015 from approximately HK$1,007.6 million for the year ended 31 March 2014. For the year ended 31 March 2015, revenue from the sale of commercial properties mainly represented the delivery of 9 floor units of 726 Nathan Road to the purchasers, contributed a revenue of approximately HK$507.5 million to our Group. The decrease in revenue from the sale of commercial properties for the year ended 31 March 2015 was mainly due to the delivery of the remaining commercial properties in Grandeur Terrace in Tin Shui Wai for the year ended 31 March 2014, while no units of such properties was delivered for the year ended 31 March 2015.

Rental income decreased by approximately HK$8.8 million, or 32.7%, to approximately HK$18.1 million for the year ended 31 March 2015 from approximately HK$26.9 million for the year ended 31 March 2014, mainly due to the cessation of rental income generated from (i) the commercial properties in Grandeur Terrace in Tin Shui Wai subsequent to their delivery during the year ended 31 March 2014; and (ii) an investment property located in Mongkok subsequent to its disposal on 8 April 2014.

Property management income decreased by approximately HK$1.2 million, or 36.4%, to approximately HK$2.1 million for the year ended 31 March 2015 from approximately HK$3.3 million for the year ended 31 March 2014, primarily due to the temporary closure of Riviera Plaza in Tsuen Wan for planned renovation works since August 2014.

Cost of sales

Cost of sales increased by approximately 11.7% to approximately HK$666.0 million for the year ended 31 March 2015 from approximately HK$596.5 million for the year ended 31 March 2014. This increase was primarily due to an increase in our cost of properties sold.

Cost of properties sold increased by approximately 14.0% from approximately HK$577.4 million for the year ended 31 March 2014 to approximately HK$658.3 million for the year ended 31 March 2015, primarily attributable to the increase in average cost of development properties sold per sq.ft. delivered primarily due to the higher land acquisition costs and construction costs of The Met. Sublime as compared to The Met. Focus.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit decreased by approximately 29.0% to approximately HK$562.8 million for the year ended 31 March 2015 from approximately HK$792.8 million for the year ended 31 March 2014. Our gross profit margin decreased to approximately 45.8% for the year ended 31 March 2015 from approximately 57.1% for the year ended 31 March 2014, primarily due to the revenue recognition for sale of commercial properties in Grandeur Terrace in Tin Shui Wai during the year ended 31 March 2014, which had a higher gross profit margin as a result of its unique location with limited supply of comparable properties in the neighbourhood and preferable market condition at the time of sale.

Other income and gains

Other income and gains increased by approximately 139.3% to approximately HK$20.1 million for the year ended 31 March 2015 from approximately HK$8.4 million for the year ended 31 March 2014, primarily due to the recognition of forfeiture of deposits of approximately HK$18.9 million during the year ended 31 March 2015, partially offset by the reversal of provision for tax indemnity of approximately HK$6.1 million for the year ended 31 March 2014 due to the expiry of tax indemnity provided under an agreement entered into in August 2010 for the disposal of five property-holding subsidiaries of our Group and no such income were recognised for the year ended 31 March 2015.

Selling and distribution expenses

Selling and distribution expenses increased by approximately 14.8% to approximately HK$64.3 million for the year ended 31 March 2015 from approximately HK$56.0 million for the year ended 31 March 2014, primarily due to an increase in sales commissions of approximately HK$8.8 million as a result of a higher commission rate offered to real estate agencies for the residential project, The Met. Sublime, which was completed and delivered during the year ended 31 March 2015.

Administrative expenses

Administrative expenses increased by approximately 11.1% to approximately HK$107.9 million for the year ended 31 March 2015 from approximately HK$97.1 million for the year ended 31 March 2014, primarily attributable to the increase in employee benefit costs mainly due to increase in the bonuses and salaries, which was partially offset by a decrease in our donation to charities of approximately HK$2.0 million.

Fair value gains/(losses) on investment properties

Fair value gains on investment properties of approximately HK$47.6 million was recorded for the year ended 31 March 2015, while fair value losses on investment properties of approximately HK$25.3 million was recorded for the year ended 31 March 2014, which was mainly due to an improvement in average market rental yield and the rebound property market.

Fair value gain upon transfer of a property held for sale to an investment property

Fair value gain upon transfer of a property held for sale to an investment property was approximately HK$107.7 million for the year ended 31 March 2015, as we transferred Shop 1 and 2 on Ground Floor, "726 Nathan Road", No. 726 Nathan Road, Kowloon from property held for sale to investment property. No such fair value gain was recorded for the year ended 31 March 2014.

Write-down of properties under development to net realisable value, net

Write-down of properties under development to net realisable value decreased to nil for the year ended 31 March 2015 from approximately HK$73.1 million for the year ended 31 March 2014, which was mainly due to improvement in property market conditions for the year ended 31 March 2015.

Other expenses

Other expenses increased to approximately HK$0.7 million for the year ended 31 March 2015 from nil for the year ended 31 March 2014, primarily due to the recognition of loss on disposal of investment properties of approximately HK$0.7 million for the year ended 31 March 2015. No such expenses was recorded for the year ended 31 March 2014.

Finance costs

Finance costs increased by approximately 29.5% to approximately HK$24.6 million for the year ended 31 March 2015 from approximately HK$19.0 million for the year ended 31 March 2014, due to an increase of approximately HK$13.7 million in interest on bank loans and other loans, primarily due to an increase in average bank borrowings outstanding during the year ended 31 March 2015, partially offset by an increase of approximately HK$8.0 million in interest capitalised in development properties.

Income tax expenses

Income tax expense decreased by approximately 22.0% to approximately HK$81.0 million for the year ended 31 March 2015 from approximately HK$103.9 million for the year ended 31 March 2014, primarily due to a decrease in non-deductible expenses for tax for the year ended 31 March 2015.

Our effective tax rate decreased from 19.6% for the year ended 31 March 2014 to approximately 15.0% for the year ended 31 March 2015, primarily due to the decrease in non-deductible expenses for tax for the year ended 31 March 2015 as mentioned above.

Profit for the year

As a result of the foregoing, profit for the year increased by approximately 7.7% to approximately HK$459.7 million for the year ended 31 March 2015 from approximately HK$427.0 million for the year ended 31 March 2014.

Year ended 31 March 2014 compared to year ended 31 March 2013

Revenue

Our revenue increased by approximately 172.5% to approximately HK$1,389.4 million for the year ended 31 March 2014 from approximately HK$509.8 million for the year ended 31 March 2013. This increase was primarily due to an increase in the sale of residential and commercial properties.

Revenue from the sale of residential properties increased by approximately 14.8 times to HK$351.6 million for the year ended 31 March 2014 from approximately HK$22.2 million for the year ended 31 March 2013, primarily due to an increase in total GFA we delivered. The total GFA delivered increased by approximately 1,179.2% from approximately 2,826 sq.ft. for the year ended 31 March 2013 to approximately 36,150 sq.ft. for the year ended 31 March 2014, primarily due to the completion and delivery of The Met. Focus for the year ended 31 March 2014.

Revenue from the sale of commercial properties increased by approximately 125.4% to HK$1,007.6 million for the year ended 31 March 2014 from approximately HK$447.0 million for the year ended 31 March 2013, primarily due to the delivery of commercial units of 726 Nathan Road. Construction works of 726 Nathan Road were completed during the year ended 31 March 2014 and 7 floor units were delivered to the purchasers, contributed a revenue of HK$488.0 million to our Group. In addition, certain commercial units in Grandeur Terrace in Tin Shui Wai were delivered at an aggregate consideration of approximately HK$462.4 million for the year ended 31 March 2014, after which our Group's interest in Grandeur Terrace had been fully disposed of.

Rental income decreased by approximately HK$12.3 million, or 31.4%, to approximately HK$26.9 million for the year ended 31 March 2014 from approximately HK$39.2 million for the year ended 31 March 2013, mainly attributable to the cessation of rental income generated from the commercial units in Grandeur Terrace in Tin Shui Wai subsequent to their delivery during the year ended 31 March 2014.

Property management income increased by approximately HK$1.8 million, or 120.0%, to approximately HK$3.3 million for the year ended 31 March 2014 from approximately HK$1.5 million for the year ended 31 March 2013, primarily due to the additional property management income generated from Riviera Plaza in Tsuen Wan subsequent to its acquisition in July 2013.

Cost of sales

Cost of sales increased by approximately 196.2% to approximately HK$596.5 million for the year ended 31 March 2014 from approximately HK$201.4 million for the year ended 31 March 2013. The increase was primarily due to an increase in our cost of properties sold.

Cost of properties sold increased by approximately 190.9% from approximately HK$198.5 million for the year ended 31 March 2013 to approximately HK$577.4 million for the year ended 31 March 2014, primarily attributable to the increase in total GFA delivered as mentioned above.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately 157.1% to approximately HK$792.8 million for the year ended 31 March 2014 from approximately HK$308.4 million for the year ended 31 March 2013. Our gross profit margin for the years ended 31 March 2013 and 2014 remained relatively stable at approximately 60.5% and 57.1%, respectively.

Other income and gains

Other income and gains increased by approximately 13.0 times to approximately HK$8.4 million for the year ended 31 March 2014 from approximately HK$0.6 million for the year ended 31 March 2013, primarily due to the reversal of provision for tax indemnity of approximately HK$6.1 million. No such income was recorded for the year ended 31 March 2013.

Selling and distribution expenses

Selling and distribution expenses increased by approximately 34.3% to approximately HK$56.0 million for the year ended 31 March 2014 from approximately HK$41.7 million for the year ended 31 March 2013, primarily due to an increase in sales commission paid to real estate agencies as a result of an increase in revenue recognition for sale of properties for the year ended 31 March 2014.

Administrative expenses

Administrative expenses increased by approximately 60.0% to approximately HK$97.1 million for the year ended 31 March 2014 from approximately HK$60.7 million for the year ended 31 March 2013, primarily attributable to (i) an increase in employee benefit costs of HK$19.4 million primarily driven by the increase in the directors' remuneration and staff's salaries; (ii) an increase in donation to charities of approximately HK$10.8 million; and (iii) an increase in management fee for the administrative service provided by the Remaining Parentco Group of approximately HK$3.8 million.

Fair value gains/(losses) on investment properties

Fair value losses on investment properties of approximately HK$25.3 million was recorded for the year ended 31 March 2014, while fair value gains on investment properties of approximately HK$68.3 million was recorded for the year ended 31 March 2013, which was mainly due to the change in property market condition after the implementation of new government policy and regulations.

Write-down of properties under development to net realisable value, net

Write-down expenses of properties under development to net realisable value increased to approximately HK$73.1 million for the year ended 31 March 2014 from approximately HK$36.0 million for the year ended 31 March 2013, which was mainly as a result of the introduction of BSD by the Hong Kong Government in October 2012 and the introduction of prudential measures for property mortgage loans by the Hong Kong Monetary Authority in September 2012 and February 2013, which continued to have an adverse impact on the property market for the year ended 31 March 2014.

Other expenses

Other expenses decreased to nil for the year ended 31 March 2014 from approximately HK$1.9 million for the year ended 31 March 2013, primarily due to the recognition of loss on disposal of investment properties of approximately HK$1.9 million for the year ended 31 March 2013 and no such expenses was recorded for the year ended 31 March 2014.

Finance costs

Finance costs increased by approximately 71.2% to approximately HK$19.0 million for the year ended 31 March 2014 from approximately HK$11.1 million for the year ended 31 March 2013, which was primarily due to an increase of approximately HK$12.9 million in interest on bank loans and other loans due to an increase in average bank borrowings outstanding during the year ended 31 March 2014, partially offset by an increase of approximately HK$5.1 million in interest capitalised in development properties.

Income tax expenses

Income tax expense increased by approximately 169.2% to approximately HK$103.9 million for the year ended 31 March 2014 from approximately HK$38.6 million for the year ended 31 March 2013, primarily due to an increase in income tax charge of approximately HK$69.2 million which reflected our increased profit before tax for the year ended 31 March 2014.

Our effective tax rate increased from approximately 17.1% for the year ended 31 March 2013 to approximately 19.6% for the year ended 31 March 2014, primarily due to the increase in non-deductible expenses for tax for the year ended 31 March 2014.

Profit for the year

As a result of the foregoing, profit for the year increased by approximately 128.1% to approximately HK$427.0 million for the year ended 31 March 2014 from approximately HK$187.2 million for the year ended 31 March 2013.

SUMMARY COMBINED STATEMENTS OF FINANCIAL POSITION

	As at 31 March			As at 30 September
	2013	**2014**	**2015**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS				
Property, plant and equipment	81	77	—	78
Investment properties	386,100	898,600	1,263,900	1,146,500
Properties under development	791,000	700,000	300,273	300,436
Deposit paid	101,654	54	54	99
Deferred tax assets	—	—	3,460	—
Total non-current assets	1,278,835	1,598,731	1,567,687	1,447,113
CURRENT ASSETS				
Properties under development	1,051,952	567,283	2,354,889	2,436,704
Properties held for sale	167,346	345,712	439,134	75,546
Due from the Remaining Parentco Group	946,524	1,232,833	1,099,334	1,123,301
Prepayments, deposits and other receivables	273,988	320,561	151,713	111,993
Tax recoverable	231	243	3,084	488
Cash and cash equivalents	102,162	84,950	242,239	102,722
	2,542,203	2,551,582	4,290,393	3,850,754
Assets classified as held for sale	—	—	—	159,200
Total current assets	2,542,203	2,551,582	4,290,393	4,009,954
CURRENT LIABILITIES				
Trade payables	24,221	46,264	78,135	35,188
Due to the Remaining Parentco Group	1,400,742	1,993,004	2,516,663	2,521,094
Loans from WOG	395,422	187,622	352,743	352,743
Other payables and accruals	17,310	12,570	19,470	7,842
Deposits received and receipts in advance	309,453	306,443	155,580	20,546
Interest-bearing bank and other loans	210,316	392,923	667,971	520,565
Tax payable	38,662	145,036	141,759	55,999
	2,396,126	3,083,862	3,932,321	3,513,977
Liabilities directly associated with the assets classified as held for sale	—	—	—	128,011
Total current liabilities	2,396,126	3,083,862	3,932,321	3,641,988

	As at 31 March			As at 30 September
	2013	**2014**	**2015**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
NET CURRENT ASSETS/ (LIABILITIES)	146,077	(532,280)	358,072	367,966
TOTAL ASSETS LESS CURRENT LIABILITIES	1,424,912	1,066,451	1,925,759	1,815,079
NON-CURRENT LIABILITIES				
Interest-bearing bank and other loans	1,328,244	804,140	1,672,266	1,615,976
Deferred tax liabilities	6,791	2,407	5,204	5,260
Other payables	4,264	984	7,581	14,714
Total non-current liabilities	1,339,299	807,531	1,685,051	1,635,950
Net assets	85,613	258,920	240,708	179,129
EQUITY				
Equity attributable to owners of our Company				
Share capital	—	—	—	—
Reserves	85,613	259,232	240,765	179,929
	85,613	259,232	240,765	179,929
Non-controlling interests	—	(312)	(57)	(800)
Total equity	85,613	258,920	240,708	179,129

SELECTED STATEMENTS OF FINANCIAL POSITION ITEMS

Investment properties

Our investment properties comprise two types of properties, namely commercial and industrial properties, which are held to earn rental income and/or for capital appreciation. Our investment properties were re-valued by Asset Appraisal Limited, an independent professionally qualified valuer as at each reporting period. The valuations of investment properties were based on either the investment method which capitalises the rent receivables from the existing tenancies and the potential reversionary market rent of the properties or direct comparison method by reference to comparable market transactions. As at 31 March 2013, 2014, 2015 and 30 September 2015, the fair value of our investment properties was approximately HK$386.1 million, HK$898.6 million, HK$1,263.9 million and HK$1,146.5 million, respectively. The tables below sets forth the fair value of our investment properties as at the dates indicated:

	As at 31 March						As at 30 September	
	2013		2014		2015		2015	
Investment properties	**SFA/ (GFA)**	**Fair Value**	**SFA/ (GFA)**	**Fair Value**	**SFA/ (GFA)**	**Fair Value**	**SFA/ (GFA)**	**Fair Value**
	sq.ft.	*HK$'000*	*sq.ft.*	*HK$'000*	*sq.ft.*	*HK$'000*	*sq.ft.*	*HK$'000*
Shop Nos. 4 and 5 on Ground Floor, Mongkok Building, Nos. 93, 95 & 99 Mong Kok Road, Nos. 135A & 135B Sai Yee Street, Kowloon	2,478	120,000	2,478	114,000	2,478	118,000	—	—
Shop 6 on Ground Floor, Grandeur Garden, Nos. 14–18 Chik Fai Street, Nos. 55–65 Tai Wai Road, Shatin, New Territories	512	38,400	512	30,000	512	35,400	512	35,400
Shop B on Ground Floor, Nos. 106–108 Shau Kei Wan Road, Hong Kong	791	30,400	791	28,900	791	30,400	791	30,400
Front Portion on Ground Floor, Nathan Apartments, No. 510 Nathan Road, Kowloon	481	27,000	481	60,000	—	—	—	—
8th Floor, Kingsun Computer Industrial Building, No. 40 Shek Pai Wan Road, Hong Kong	2,956	15,500	2,956	15,500	2,956	16,800	2,956	16,800
Ground Floor with the Cockloft, No. 60A Yen Chow Street, Kowloon	803	28,100	803	25,600	803	27,400	803	28,000
Shop 3 on Level 1, Jade Plaza, No. 3 On Chee Road, Tai Po, New Territories	712	22,000	712	18,900	712	20,000	712	20,000
Ground Floor including Cockloft, Foon Shing Building, No. 732, Nathan Road, Kowloon	2,495	80,500	2,495	83,900	2,495	91,600	2,495	91,600
Shops A, B and C on Ground Floor of No. 111 Ma Tau Wai Road, Kowloon	332	24,200	332	21,800	332	23,300	332	23,300
Commercial Unit and Car Parking Spaces on 1st and 2nd Basement of Riviera Plaza, Riviera Gardens, Nos. 1–9, 2–12 Yi Lok Street, Nos. 1–7, 2–12 Yi Hong Street, Tsuen Wan, New Territories	—	—	(242,689)	500,000	(242,689)	520,000	(242,689)	520,000
Shop AB on Ground Floor, Po Wing Building, Nos. 61, 63, 65, 67, 71 & 73 Lee Garden Road, Nos. 108, 110, 112, 116, 118 & 120 Percival Street, Hong Kong	—	—	—	—	1,204	241,000	1,204	241,000
Shop 1 and 2 on Ground Floor, "726 Nathan Road", No. 726 Nathan Road, Kowloon	—	—	—	—	1,857	140,000	1,857	140,000
Total	11,560	386,100	11,560/ (242,689)	898,600	14,140/ (242,689)	1,263,900	11,662/ (242,689)	1,146,500

The table below sets forth the movements in the fair value of our investment properties for the periods indicated:

	As at 31 March			As at 30 September
	2013	**2014**	**2015**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amount at beginning of year/period	450,500	386,100	898,600	1,263,900
Additions	—	538,161	235,157	270
Disposals	(133,100)	—	(60,000)	—
Net gains/(losses) from fair value adjustments	68,262	(25,301)	47,588	39,224
Accrued rent-free rental income	438	(360)	2,555	1,106
Transfer from properties held for sale	—	—	32,275	—
Fair value gain upon transfer of a property held for sale to an investment property	—	—	107,725	—
	386,100	898,600	1,263,900	1,304,500
Transferred to assets held for sale	—	—	—	(158,000)
Carrying amount at end of year/period	386,100	898,600	1,263,900	1,146,500
Analysed between:				
Commercial properties	370,600	883,100	1,247,100	1,129,700
Industrial property	15,500	15,500	16,800	16,800
	386,100	898,600	1,263,900	1,146,500

During the year ended 31 March 2015, we changed our intention to hold a property for sale to rental and investment purposes. The property was accordingly transferred from property held for sale to investment property after it has been re-measured at its fair value.

As at 31 March 2013, 2014 and 2015 and 30 September 2015, investment properties with a total carrying value of approximately HK$370.6 million, HK$883.1 million, HK$1,247.1 million and HK$1,287.7 million, respectively and certain rental income generated therefrom were pledged to secure our Group's general banking facilities granted to our Group.

Regarding the appointment of external property valuer for the valuations of our investment properties as at each financial statement date, our management obtains the curriculum vitae and list of recent deals from potential appointee(s) and considers the following selection criteria before making any decision to appoint a property valuer:

1. Market knowledge and reputation — the valuer must possess a sufficient degree of knowledge, skills and experience in the industry, in particular, whether the valuer has previously been commissioned to value property portfolio similar to that of our Group.

2. Independence — the valuer must be independent from our Company and fulfill the independence requirement under the Listing Rules.

3. Professional qualification — the valuer must be a fellow or associate member of The Royal Institution of Chartered Surveyors (Hong Kong Branch) or The Hong Kong Institute of Surveyors, carries on a business in Hong Kong in valuing properties and is authorised to do so by the rules of the relevant professional institution of which he/she is a member.

Our management will assist the valuer to conduct the relevant valuation twice a year for interim and annual financial reporting.

Properties under development

Our properties under development generally reflect the value of properties we intend to be held for sale but have not been completed as at the end of each reporting period and therefore are significantly affected by project development schedules. Completed and undelivered properties are transferred from properties under development to properties held for sale. Properties under development which are intended to be held for sale and expected to be completed within the normal operating cycle are classified as current assets in our combined statements of financial position, while properties under development which are expected to be completed beyond the normal operating cycle are classified as non-current assets. The normal operating cycle of our Group for properties under development represents the time between the commencement of development of a property and the completion of all the necessary procedures for such property to be ready for delivery, which normally ranges between 2.5 years to 4 years.

The table below sets forth a breakdown of the value of properties under development by project as at the dates indicated:

	As at 31 March			As at 30 September
	2013	**2014**	**2015**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current portion				
Sze Shan Street Project	350,000	300,000	300,273	300,436
575 Nathan Road Project	441,000	400,000	—	—
Sub-total	791,000	700,000	300,273	300,436
Current portion				
The Met. Sublime	306,309	348,926	—	—
The Met. Delight	151,853	218,357	—	—
726 Nathan Road	389,124	—	—	—
The Met. Focus	204,666	—	—	—
575 Nathan Road Project	—	—	417,971	431,580
Ma Kam Street Project	—	—	723,057	762,903
Hang Kwong Street Project	—	—	439,067	453,904
Tai Po Road Project	—	—	774,794	788,317
Sub-total	1,051,952	567,283	2,354,889	2,436,704
Total	1,842,952	1,267,283	2,655,162	2,737,140

The value of our properties under development decreased by approximately 31.2% from approximately HK$1,843.0 million as at 31 March 2013 to approximately HK$1,267.3 million as at 31 March 2014, primarily due to the completion and transfer of 726 Nathan Road and The Met. Focus during the year. The value of our properties under development increased by approximately 109.5% from approximately HK$1,267.3 million as at 31 March 2014 to approximately HK$2,655.2 million as at 31 March 2015, primarily due to the acquisitions of development sites for the Ma Kam Street Project, the Hang Kwong Street Project and the Tai Po Road Project during the year, partially offset by the completion and transfer of The Met. Sublime and The Met. Delight. The value of our properties under development increased by approximately 3.1% from approximately HK$2,655.2 million as at 31 March 2015 to approximately HK$2,737.1 million as at 30 September 2015, primarily due to the commencement of the development of the Ma Kam Street Project, the Hang Kwong Street Project and the 575 Nathan Road Project.

As at 31 March 2013, 2014 and 2015 and 30 September 2015, properties under development with carrying amounts of approximately HK$1,843.0 million, HK$1,267.3 million, HK$2,655.2 million and HK$2,737.1 million, respectively, were pledged to secure our Group's general banking facilities granted to our Group.

Properties held for sale

Properties held for sale are completed development properties remaining unsold as at the end of each reporting period or acquired properties held for sale.

The table below sets forth a breakdown of the value of properties held for sale by location/ development project as at the dates indicated:

	As at 31 March			As at 30 September
	2013	**2014**	**2015**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Parcel of land of The Dawning Place, 92A–92G Yeung Uk Tsuen, Shap Pat Heung, Yuen Long, New Territories	1,120	1,120	1,120	1,120
Shop B on Ground Floor including the Cockloft, Yan Oi House, No. 237 Sha Tsui Road, Nos. 87 & 89 Chuen Lung Street, Tsuen Wan, New Territories	24,843	24,843	24,843	24,843
Grandeur Terrace, 88 Tin Shiu Road, Yuen Long, New Territories	141,383	—	—	—
The Met. Focus	—	26,637	—	—
726 Nathan Road	—	293,112	47,427	46,794
The Met. Sublime	—	—	31,478	—
The Met. Delight	—	—	334,266	2,789
Total	167,346	345,712	439,134	75,546

The value of our properties held for sale increased by approximately 106.6% from approximately HK$167.3 million as at 31 March 2013 to approximately HK$345.7 million as at 31 March 2014, primarily due to the transfer from properties under development to properties held for sale of 726 Nathan Road upon completion, partially offset by the disposal of the remaining commercial properties in Grandeur Terrace in Tin Shui Wai during the year ended 31 March 2014. The value of our properties held for sale increased by approximately 27.0% from approximately HK$345.7 million as at 31 March 2014 to approximately HK$439.1 million as at 31 March 2015, primarily due to the transfer from properties under development to properties held for sale of The Met. Sublime and The Met. Delight, partially offset by the sales and delivery of properties of 726 Nathan Road during the year ended 31 March 2015. The value of our properties held for sale decreased by approximately 82.8% from approximately HK$439.1 million as at 31 March 2015 to approximately HK$75.5 million as at 30 September 2015, primarily due to the sales and delivery of properties of The Met. Sublime and The Met. Delight.

As at 31 March 2013, 2014 and 2015 and 30 September 2015, certain properties held for sale with carrying amounts of approximately HK$166.2 million, HK$318.0 million, HK$359.1 million and HK$24.8 million, respectively, were pledged to secure our Group's general banking facilities granted to our Group.

Prepayments, deposits and other receivables

Our Group had total prepayments, deposits and other receivables of HK$375.6 million, HK$320.6 million, HK$151.7 million and HK$112.1 million, respectively, as at 31 March 2013, 2014 and 2015 and 30 September 2015. The table below sets out a breakdown of our prepayments, deposits and other receivables as at the dates indicated:

	As at 31 March			As at 30 September
	2013	**2014**	**2015**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Prepayments	11,117	16,691	6,208	1,890
Deposits	102,785	28,493	32,463	79,797
Other receivables				
Pre-sale deposits	230,235	267,390	112,227	28,255
Others	31,505	8,041	869	2,150
	375,642	320,615	151,767	112,092
Less: Deposits classified as non-current assets	(101,654)	(54)	(54)	(99)
Current portion	273,988	320,561	151,713	111,993

Prepayments mainly represent the commission prepaid to the real estate agencies after the signing of formal sale and purchase agreements in respect of the relevant properties.

The deposits as at 31 March 2013 mainly represented a deposit of HK$101.6 million paid to Independent Third Parties for the acquisition of the Riviera Plaza in Tsuen Wan for rental-earning purpose, at a consideration of HK$508.0 million. The remaining balance of the consideration had been fully settled during the Track Record Period. The deposits as at 31 March 2014 mainly represented earnest money of HK$25.0 million paid to certain Independent Third Parties in respect of potential acquisitions of commercial and residential properties. Such earnest money had been fully refunded to our Group during the Track Record Period. The deposits as at 31 March 2015 primarily included a tender deposit of HK$30.0 million paid to the Urban Renewal Authority of Hong Kong in respect of a tender for a development project. Such tender deposit had been fully refunded to our Group during the Track Record Period. The deposits as at 30 September 2015 included (i) a tender deposit of HK$50.0 million paid to Urban Renewal Authority of Hong Kong in respect of a tender for a development project, which had been fully refunded to our Group after the Track Record Period; and (ii) a property purchase deposit of HK$19.4 million paid to an Independent Third Party for acquisition of properties in Hong Kong, which had been completed in November 2015.

Pre-sale deposits were related to the initial deposit paid by the purchasers of the properties pre-sold and stakeheld in lawyers' accounts. The change in the balance of our pre-sale deposits during the Track Record Period was mainly due to and in line with our project development progress and pre-sale and delivery schedules.

All prepayments, deposits and other receivables are unsecured, interest-free and have no fixed term of repayment. None of the above assets is either past due or impaired. The financial assets included in the above balances relate to the receivables for which there was no recent history of default. The carrying amounts of prepayments, deposits and other receivables are approximate to their fair values.

Due from/to the Remaining Parentco Group

During the Track Record Period, from time to time, we made advances to/or received advances from and received repayments from/or made repayments to the Remaining Parentco Group, mainly for the management fee charged and dividend declared. As at 31 March 2013, 2014 and 2015 and 30 September 2015, we had amount due from the Remaining Parentco Group of approximately HK$946.5 million, HK$1,232.8 million, HK$1,099.3 million and HK$1,123.3 million, respectively, and amount due to the Remaining Parentco Group of approximately HK$1,400.7 million, HK$1,993.0 million, HK$2,516.7 million and HK$2,521.1 million, respectively. The increase in amount due to the Remaining Parentco Group over the Track Record Period was primarily due to the purchase of new properties.

The amount due from/to the Remaining Parentco Group is unsecured, interest free and have no fixed terms of repayment. The balances are non-trade in nature. As at Latest Practicable Date, approximately 90% of the amount was settled by capitalisation and the remaining balance by repayment pursuant to the Reorganisation.

Trade payables

Our trade payables primarily include construction costs payable to third parties. We recorded trade payables of approximately HK$24.2 million, HK$46.3 million, HK$78.1 million and HK$35.2 million as at 31 March 2013, 2014, and 2015 and 30 September 2015, respectively. The change in balance of our trade payables during the Track Record Period was mainly due to and in line with our project development progress.

The table below sets forth an ageing analysis of the trade payables, based on the invoice date, as at the dates indicated:

	As at 31 March			As at 30 September
	2013	**2014**	**2015**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 90 days	24,221	46,264	78,135	35,188
Total	24,221	46,264	78,135	35,188

Our trade payables turnover days were approximately 43.9 days, 28.3 days, 42.8 days and 18.3 days for the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, respectively. We calculate the trade payables turnover days based on the ending balance of trade payables (which is primarily affected by the scale of and construction cost incurred for our property development activities conducted during the relevant period), divided by the cost of sales for the relevant period (which is primarily affected by our properties completed and delivered during the period), and multiplied by the number of days in the relevant period. Most of our trade payables during the Track Record Period were payables due to construction contractors.

In general, there is a time difference between our cost incurred and cost charged to the profit or loss. We do not recognise any cost of properties sold until such properties are completed and the possession of such properties has been delivered to the customers. The timing of such delivery may affect the amount of our cost of properties sold, which would cause the fluctuation in our trade payables turnover days from period to period. Our trade payables turnover days fluctuated during the Track Record Period in line with the construction periods of our different projects.

As at 31 January 2016, approximately HK$10.8 million, representing approximately 30.5% of our trade payables as at 30 September 2015 had been subsequently settled. Our Directors confirm that during the Track Record Period and as at the Latest Practicable Date, there was no material default in payment of trade payables.

Other payables and accruals

Other payables and accruals mainly represent (i) interest payable; (ii) payable to the purchasers of our development properties under our early full-payment incentive scheme; (iii) rental guarantee provided to purchasers of Grandeur Terrace in Tin Shui Wai; and (iv) other accrued expenses. Other payables are non-interest-bearing and there are generally no credit terms.

The table below sets forth a breakdown of our other payables and accruals as at the dates indicated:

	As at 31 March			As at 30 September
	2013	**2014**	**2015**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other payables	19,182	7,527	13,029	17,854
Accruals	2,392	6,027	14,022	4,702
	21,574	13,554	27,051	22,556
Less: Other payables classified as non-current liabilities	(4,264)	(984)	(7,581)	(14,714)
Current portion	17,310	12,570	19,470	7,842

Deposits received and receipts in advance

Deposits received and receipts in advance primarily represent (i) deposits received from purchasers before the delivery and completion of the properties from the pre-sale; and (ii) rental deposits received from tenants. As at 31 March 2013, our deposits received and receipts in advance amounted to approximately HK$309.5 million, which was primarily resulted from the pre-sale of The Met. Sublime. As at 31 March 2014, our deposits received and receipts in advance of approximately HK$306.4 million primarily represented customer deposits received in relation to the pre-sale of The Met. Delight. Our deposits received and receipts in advance decreased significantly to approximately HK$155.6 million as at 31 March 2015 and further decreased to approximately HK$20.5 million as at 30 September 2015, which was mainly due to delivery and completion of The Met. Sublime and The Met. Delight during the year ended 31 March 2015 and the six months ended 30 September 2015.

Loans from WOG

As at 31 March 2013, 2014 and 2015 and 30 September 2015, the loans from WOG are unsecured and with no fixed term of repayment, which borne interest at the rate of 5%, 5%, 3% and 3% per annum, respectively. As at Latest Practicable Date, approximately 90% of the amount was settled by capitalisation and the remaining balance by repayment pursuant to the Reorganisation.

LIQUIDITY AND CAPITAL RESOURCES

Sources of liquidity

Property developments require substantial capital investment for land acquisition and construction and it may take a number of months or years before positive cash flows can be generated. We have funded our business operation principally through (i) proceeds generated from pre-sale and sale of our properties; and (ii) bank borrowings. Our financing methods vary from project to project and are subject to limitations imposed by Hong Kong regulations and monetary policies. We expect to continue to fund our operations and debt service requirements with net cash flows generated from our operations.

Furthermore, we intend to use proceeds from the **[REDACTED]** to be one of our primary sources to fund our capital expenditures in the coming periods. However, our ability to obtain additional funding required for increased capital expenditures in the future beyond our anticipated cash needs for the next 12 months following the date of this **[REDACTED]** is subject to a variety of uncertainties, including the future results of our operations, our financial condition and cash flows and economic, political and other conditions in Hong Kong and elsewhere. The issue of additional equity or equity-linked securities may result in additional dilution to our Shareholders.

Sufficiency of working capital

During the Track Record Period, we received deposits from the pre-sale of our property development projects before completion of construction of the relevant projects. Cash received in such pre-sales was a notable source of our cash inflow during the Track Record Period. We expect to continue to fund our future development and debt servicing costs from existing financial resources and cash generated from operations as well as external borrowings. Our Directors believe that we have the ability to generate sufficient operating cash flow going forward.

We recorded net cash used in operating activities of approximately HK$1,126.2 million for the year ended 31 March 2015, which was primarily attributable to the capital for the acquisitions of development sites for (i) the Ma Kam Street Project; (ii) the Hang Kwong Street Project; and (iii) the Tai Po Road Project during the year. Taking into account of (i) our available committed unutilised bank facility of approximately HK$1.8 billion as at 31 January 2016; (ii) the expected future cash inflows from operations; and (iii) the estimated net proceeds from the **[REDACTED]**, our Company's management considers that we will have adequate resources to meet our liabilities and commitments as and when they fall due and to continue in operational existence for the foreseeable future.

Taking into account the financial resources available to our Group, including the internally generated funds and our available credit facilities, and the estimated net proceeds from the **[REDACTED]**, our Directors confirm, and the Joint Sponsors concur, that our working capital is sufficient for our present requirements, that is for at least the next 12 months from the date of this **[REDACTED]**. After due consideration and discussions with our Group's management and based on the above, the Joint Sponsors have no reason to believe that our Group cannot meet the working capital requirements for the 12 month period from the date of this **[REDACTED]**.

Cash flows

The following table sets out selected cash flow data from our combined statements of cash flows for the periods indicated.

	Year ended 31 March			Six months ended 30 September	
	2013	**2014**	**2015**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Net cash from/(used in) operating activities	267,338	1,098,641	(1,126,208)	(640,643)	190,993
Net cash used in investing activities	(903,105)	(824,429)	(42,309)	(12,769)	(24,208)
Net cash from/(used in) financing activities	726,680	(291,424)	1,325,806	636,653	(305,102)
Net increase/(decrease) in cash and cash equivalents	90,913	(17,212)	157,289	(16,759)	(138,317)
Cash and cash equivalents at beginning of year/period	11,249	102,162	84,950	84,950	242,239
Cash and cash equivalents at end of year/period	102,162	84,950	242,239	68,191	103,922

Cash flows from/(used in) operating activities

Our cash used in operating activities principally includes payments made in relation to our property development activities and land acquisitions. Our cash generated from operating activities is principally proceeds received from the sale of our properties.

For the six months ended 30 September 2015, we had net cash generated from operating activities of approximately HK$191.0 million, which primarily included (i) decrease in properties held for sale of approximately HK$363.6 million; and (ii) profit for the period of approximately HK$129.1 million primarily adjusted by taxation of approximately HK$99.1 million, partially offset by (i) a decrease in deposits received and receipts in advance of approximately HK$135.0 million; and (ii) an increase in properties under development of approximately HK$63.8 million. Our net cash generated from operating activities for the six months ended 30 September 2015 was primarily due to the receipts of sales proceeds from customers in relation to delivery of The Met. Delight and The Met. Sublime, partially offset by cash outflows associated with construction costs in relation to the 575 Nathan Road Project, the Ma Kam Street Project and the Hang Kwong Street Project.

For the year ended 31 March 2015, we had net cash used in operating activities of approximately HK$1,126.2 million, which primarily included (i) an increase in properties under development of approximately HK$2,142.5 million; and (ii) a decrease in deposits received and receipts in advance of approximately HK$150.9 million, partially offset by (i) a decrease in properties held for sale of approximately HK$658.4 million; (ii) a profit for the year of approximately HK$540.6 million primarily adjusted by taxation of approximately HK$87.7 million; and (iii) a decrease in prepayments, deposits and other receivables of approximately HK$168.8 million. Our net cash used in operating activities for the year ended 31 March 2015 was primarily due to cash outflows associated with land acquisitions and construction costs in relation to the Hang Kwong Street Project, the Ma Kam Street Project, the Tai Po Road Project and the 575 Nathan Road Project, partially offset by cash inflows associated with receipts from customers in relation to sale of The Met. Sublime, The Met. Focus and 726 Nathan Road.

For the year ended 31 March 2014, we had net cash from operating activities of approximately HK$1,098.6 million, which primarily included (i) a decrease in properties held for sale of approximately HK$577.4 million; and (ii) a profit for the year of approximately HK$530.9 million primarily adjusted by taxation of approximately HK$1.9 million, partially offset by an increase in properties under development of approximately HK$231.8 million. Our net cash generated from operating activities for the year ended 31 March 2014 was primarily due to cash inflows associated with sale of The Met. Focus and 726 Nathan Road and pre-sale of The Met. Delight, partially offset by cash outflows associated with construction costs in relation to The Met. Delight and The Met. Sublime.

For the year ended 31 March 2013, we had net cash from operating activities of approximately HK$267.3 million, which primarily included (i) an increase in deposits received and receipts in advance of approximately HK$262.2 million; (ii) profit for the year of approximately HK$225.8 million primarily adjusted by taxation of approximately HK$3.3 million; and (iii) a decrease in properties held for sale of approximately HK$197.2 million, partially offset by (i) an increase in prepayments, deposits and other receivables of approximately HK$337.7 million; and (ii) an increase in properties under development of approximately HK$119.1 million. Our net cash from operating activities for the year ended 31 March 2013 was primarily due to the receipts from customers in relation to the pre-sale of The Met. Focus, The Met. Sublime and 726 Nathan Road, partially offset by cash outflows associated with construction costs and properties acquisitions in relation to The Met. Focus, The Met. Sublime, The Met. Delight and 726 Nathan Road and the 575 Nathan Road Project.

Cash flows used in investing activities

Our cash used in investing activities primarily reflect cash outflow in connection with addition to investment properties. Our cash inflows generated from investing activities primarily reflect proceeds from disposal of investment properties.

For the six months ended 30 September 2015, we had net cash used in investing activities of approximately HK$24.2 million, which primarily included an increase in amount due from the Remaining Parentco Group of approximately HK$24.0 million.

For the year ended 31 March 2015, we had net cash used in investing activities of approximately HK$42.3 million, which primarily included (i) addition to investment properties of approximately HK$235.2 million mainly in relation to the acquisition of Shop AB on Ground Floor of Po Wing Building, partially offset by (i) a decrease in amount due from the Remaining Parentco Group of approximately HK$133.5 million; and (ii) proceeds from disposal of an investment property of approximately HK$59.3 million.

For the year ended 31 March 2014, we had net cash used in investing activities of approximately HK$824.4 million, which primarily included (i) addition to investment properties of approximately HK$538.2 million mainly in relation to the acquisition of Rivera Plaza; and (ii) an increase in amount due from the Remaining Parentco Group of approximately HK$286.3 million.

For the year ended 31 March 2013, we had net cash used in investing activities of approximately HK$903.1 million, which primarily included (i) an increase in amount due from the Remaining Parentco Group of approximately HK$558.7 million; and (ii) acquisition of a subsidiary that owned the development site located at 575 Nathan Road of approximately HK$475.6 million, partially offset by proceeds from disposal of investment properties of approximately HK$131.2 million.

Cash flows from/(used in) financing activities

Our cash inflows from financing activities primarily reflect proceeds from bank and other borrowings. Our cash outflows from financing activities primarily reflect repayment of bank and other borrowings as well as dividends paid.

For the six months ended 30 September 2015, we had net cash used in financing activities of approximately HK$305.1 million, which primarily included (i) dividends paid of approximately HK$170.0 million; and (ii) repayment of bank loans and interests of approximately HK$157.4 million as a result of the completion of The Met. Delight, partially offset by new bank loans of approximately HK$40.7 million.

For the year ended 31 March 2015, we had net cash from financing activities of approximately HK$1,325.8 million, which primarily included (i) new bank loans and other loans of approximately HK$1,450.8 million primarily due to the increasing needs to finance our acquisitions and development sites for the Ma Kam Street Project, Hang Kwong Street Project and Tai Po Road Project; (ii) an increase in amount due to the Remaining Parentco Group of approximately HK$541.4 million; and (iii) new loans from WOG of approximately HK$352.7 million, partially offset by (i) dividends paid of approximately HK$477.9 million; (ii) repayment of bank loans and interests of approximately HK$353.6 million; and (iii) repayment of loans from WOG of approximately HK$187.6 million.

For the year ended 31 March 2014, we had net cash used in financing activities of approximately HK$291.4 million, which primarily included (i) repayment of bank loans and interests of approximately HK$810.8 million as a result of the completion of The Met. Focus and 726 Nathan Road during the year; (ii) dividends paid of approximately HK$253.7 million; and (iii) repayment of loans from WOG of approximately HK$207.8 million, partially offset by (i) an increase in amount due to the Remaining Parentco Group of approximately HK$552.9 million; and (ii) new bank loans of approximately HK$428.0 million.

For the year ended 31 March 2013, we had net cash from financing activities of approximately HK$726.7 million, which primarily included (i) new bank loans of approximately HK$814.0 million to finance our development for The Met. Focus and 726 Nathan Road; (ii) an increase in amount due to the Remaining Parentco Group of approximately HK$357.8 million, partially offset by (i) dividends paid of approximately HK$244.0 million; and (ii) repayment of bank loans and interests of approximately HK$201.1 million.

Net current assets/(liabilities)

Our current assets consist primarily of properties under development, properties held for sale, amount due from the Remaining Parentco Group, prepayment, deposits and other receivables and cash and cash equivalents. Our current liabilities consist primarily of amount due to the Remaining Parentco Group, loans from WOG, deposits received and receipts in advance and interest-bearing bank and other loans. Although we had net current liabilities of approximately HK$532.3 million as at 31 March 2014, we recorded net current assets of approximately HK$146.1 million, HK$358.1 million, HK$368.0 million and HK$616.5 million as at 31 March 2013, 31 March 2015, 30 September 2015 and 31 January 2016, respectively.

The following table sets out a breakdown of our net current assets/(liabilities) as at the dates indicated:

	As at 31 March			As at 30 September	As at 31 January
	2013	**2014**	**2015**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)
CURRENT ASSETS					
Properties under development	1,051,952	567,283	2,354,889	2,436,704	2,507,596
Properties held for sale	167,346	345,712	439,134	75,546	46,998
Due from the Remaining Parentco Group	946,524	1,232,833	1,099,334	1,123,301	1,128,105
Prepayments, deposits and other receivables	273,988	320,561	151,713	111,993	88,811
Tax recoverable	231	243	3,084	488	18
Cash and cash equivalents	102,162	84,950	242,239	102,722	61,946
	2,542,203	2,551,582	4,290,393	3,850,754	3,833,474
Assets classified as held for sale	—	—	—	159,200	522,967
Total current assets	2,542,203	2,551,582	4,290,393	4,009,954	4,356,441
CURRENT LIABILITIES					
Trade payables	24,221	46,264	78,135	35,188	24,444
Due to the Remaining Parentco Group	1,400,742	1,993,004	2,516,663	2,521,094	2,565,002
Loans from WOG	395,422	187,622	352,743	352,743	352,743
Other payables and accruals	17,310	12,570	19,470	7,842	8,203
Deposits received and receipts in advance	309,453	306,443	155,580	20,546	31,134
Interest-bearing bank and other loans	210,316	392,923	667,971	520,565	476,724
Tax payable	38,662	145,036	141,759	55,999	53,017
	2,396,126	3,083,862	3,932,321	3,513,977	3,511,267
Liabilities directly associated with the assets classified as held for sale	—	—	—	128,011	228,684
Total current liabilities	2,396,126	3,083,862	3,932,321	3,641,988	3,739,951
NET CURRENT ASSETS/ (LIABILITIES)	146,077	(532,280)	358,072	367,966	616,490

We had net current liabilities of approximately HK$532.3 million as at 31 March 2014 as compared to net current assets of HK$146.1 million as at 31 March 2013. This was primarily due to an increase in our current liabilities of approximately HK$687.7 million which was caused by (i) an increase in the amount due to the Remaining Parentco Group to approximately HK$1,993.0 million as at 31 March 2014 compared to approximately HK$1,400.7 million as at 31 March 2013 as a result of our continuous business expansion in 2013 and financing in the acquisition of Riviera Plaza in Tsuen Wan; and (ii) an increase in current portion of interest-bearing bank and other loans to approximately HK$392.9 million as at 31 March 2014 compared to approximately HK$210.3 million as at 31 March 2013 in relation to the acquisition of Riviera Plaza during 2013.

Our net working capital improved during the year ended 31 March 2015. We recorded a net current assets of approximately HK$358.1 million as at 31 March 2015 compared to the net current liabilities of approximately HK$532.3 million as at 31 March 2014. This was primarily attributable to the increase in properties under development to approximately HK$2,354.9 million as at 31 March 2015 compared to approximately HK$567.3 million as at 31 March 2014 as a result of the acquisitions of development sites for (i) the Ma Kam Street Project; (ii) the Hang Kwong Street Project; and (iii) the Tai Po Road Project during the year. The amount was partially offset by the increase in amount due to the Remaining Parentco Group to approximately HK$2,516.7 million as at 31 March 2015 compared to approximately HK$1,993.0 million as at 31 March 2014 due to the financing in the acquisition of the above-mentioned development sites.

Our Group's net current assets further increased from approximately HK$358.1 million as at 31 March 2015 to approximately HK$368.0 million as at 30 September 2015. The increase was primarily attributable to (i) the decrease in deposits received and receipts in advance of approximately HK$135.0 million; and (ii) the decrease in interest-bearing bank and other loans of approximately HK$147.4 million and partially offset by the decrease in property held for sale of approximately HK$363.6 million.

INDEBTEDNESS STATEMENT

Loans and borrowings

The following table sets forth a breakdown of our outstanding loans and borrowings as at the dates indicated:

		As at 31 March		As at 30 September	As at 31 January
	2013	**2014**	**2015**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)
Current liabilities					
Secured bank loans	62,365	369,622	660,713	513,623	469,995
Secured long term banks loan repayable on demand	147,951	23,301	7,258	6,942	6,729
	210,316	392,923	667,971	520,565	476,724
Secured bank loans included in liabilities directly associated with assets classified as held for sale	—	—	—	117,008	223,244
	210,316	392,923	667,971	637,573	699,968
Non-current liabilities					
Secured bank loans	1,328,244	804,140	1,437,104	1,376,814	1,164,743
Other unsecured loans	—	—	235,162	239,162	243,162
	1,328,244	804,140	1,672,266	1,615,976	1,407,905
Total	1,538,560	1,197,063	2,340,237	2,253,549	2,107,873

Our bank and other borrowings are denominated in Hong Kong dollar. As at 31 March 2013, 2014, 2015 and 30 September 2015, our total outstanding loans and borrowings amounted to approximately HK$1,538.6 million, HK$1,197.1 million, HK$2,340.2 million and HK$2,253.5 million, respectively. The decrease in our bank and other borrowings from HK$1,538.6 million as at 31 March 2013 to HK$1,197.1 million as at 31 March 2014 was primarily due to the repayment of the bank borrowings as a result of the completion of The Met. Focus and 726 Nathan Road in 2014. The increase in our bank and other borrowings from HK$1,197.1 million as at 31 March 2014 to HK$2,340.2 million as at 31 March 2015 was primarily due to the increasing needs to finance our acquisitions of development sites for (i) the Ma Kam Street Project; (ii) the Hang Kwong Street Project; and (iii) the Tai Po Road Project during the year. The decrease in our bank and other borrowing from 31 March 2015 to 30 September 2015 was primarily due to the repayment of the bank borrowings as a result of the completion of The Met. Delight.

Other unsecured loans represent loans granted by the respective non-controlling interest shareholder of two subsidiaries of our Group. As at 31 March 2015 and 30 September 2015, we had a total principal amount of HK$235.2 million and HK$239.2 million, respectively, accounting for 10.0% and 10.6% of our total bank loans and other borrowings as at the same dates, respectively. In accordance with the respective agreements, the loans bore interest at 6% per annum.

As at 31 January 2016, bank borrowings of approximately HK$1,864.7 million were secured by our Group's investment properties and certain rental income generated therefrom, properties under development, properties held for sale and share charge in respect of the equity interests of subsidiaries of our Company which are engaged in property development, respectively. In addition, sales proceeds from the pre-sale of properties under development with an aggregate carrying amount of HK$229.7 million, HK$239.9 million and HK$111.7 million as at 31 March 2013, 2014 and 2015 respectively, are pledged for certain bank loans of our Group.

The table below sets forth the values of assets pledged to secure certain bank borrowings granted to us as at the dates indicated:

	As at 31 March			As at 30 September	As at 31 January
	2013	**2014**	**2015**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)
Investment properties	370,600	883,100	1,247,100	1,287,700	1,066,660
Properties under development	1,842,952	1,267,283	2,655,162	2,737,140	2,808,031
Properties held for sale	166,226	317,955	359,109	24,843	—
Total	2,379,778	2,468,338	4,261,371	4,049,683	3,874,691

All outstanding balance of our bank borrowings was guaranteed by WOG, as at 31 January 2016. As at the Latest Practicable Date, we had obtained consents from the relevant banks for the release of the guarantees by WOG, which will be replaced by guarantees provided by our Company upon the **[REDACTED]**.

Please see "Relationship with Our Controlling Shareholders — Independence from Parentco — Financial independence" for further details.

The following table sets out the maturity profiles of our borrowings as at the dates indicated:

	As at 31 March			As at 30 September	As at 31 January
	2013	**2014**	**2015**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)
Amounts of bank loans repayable:					
Within one year or on demand	210,316	392,923	667,971	520,565	476,724
In the second year	746,279	658,767	312,008	296,458	274,004
In the third to fifth years, inclusive	411,075	121,982	778,881	786,943	763,028
Beyond five years	170,890	23,391	346,215	293,413	127,711
	1,538,560	1,197,063	2,105,075	1,897,379	1,641,467
Amounts of other loans repayable:					
In the third to fifth years, inclusive	—	—	235,162	239,162	243,162
	—	—	235,162	239,162	243,162
Secured bank loans included in liabilities directly associated with assets classified as held for sale	—	—	—	117,008	223,244
	—	—	—	117,008	223,244
	1,538,560	1,197,063	2,340,237	2,253,549	2,107,873

Our bank borrowings during the Track Record Period are arranged at variable rates ranging from approximately prime rate–2.75% to HIBOR+1.06% to 3.26%. The weighted average effective interest rates on our bank borrowings, which represent annualised actual borrowing cost incurred during the year or period divided by weighted average bank and other borrowings that are outstanding during the year or period, as at 31 March 2013, 2014 and 2015, 30 September 2015 and 31 January 2016 were approximately 2.3%, 3.0%, 3.1%, 2.9% and 3.0%, respectively.

Indebtedness

As at 31 January 2016, being the latest date for the purpose of liquidity disclosure in this **[REDACTED]**, we had outstanding indebtedness of approximately HK$2,107.9 million, which consisted of bank borrowings of approximately HK$1,864.7 million.

During the Track Record Period, we entered into separate loan agreements with various Hong Kong commercial banks pursuant to which we were granted separate loan facilities, which carried variable floating interest rates. As at 31 January 2016, the unutilised bank facilities were approximately HK$1.8 billion. Such loans generally include some or all of the following key conditions:

Fees payable on drawdown :

- Arrangement fee/handling fee ranging from nil to approximately 0.4% of the facility amount is payable upon acceptance of the facilities

Committed/locked-in :

- On a committed basis (save for three of our existing bank loans with an aggregate facility amount of approximately HK$56.1 million), with commitment period ranging between nine months to about five years subject to extension as may be agreed with the relevant lender bank

Security :

- Security for each loan varies but they generally include an all monies charge on the underlying properties with rental assignment; or
- Building mortgage on some properties under development.

Priority :

- Lender has priority over any sales proceeds of the relevant properties under charge

Affirmative/restrictive covenants :

- Some banking facilities state the following specific purposes for which the loan may be used:
  - financing the acquisition of land;
  - financing the acquisition of properties;
  - financing/re-financing construction and related costs of properties developed by our Group;
  - financing/re-financing repayment of existing loans; or
  - financing working capital requirements.
- The outstanding value of the loan to the value of security provided to be kept under a specified threshold ranging between 50.0% and 75.0%, or otherwise additional security or partial repayment of the outstanding loan will be required

- Some banking facilities includes covenants restricting the relevant borrower subsidiary from:
  - carrying out merger and restructuring;
  - change of control;
  - allotment and issue of new shares;
  - declaration of dividends; and
  - creating any mortgages, debentures or charge without the prior consent of our lenders.

Our banking facilities are generally subject to the above restrictive, customary affirmative and/or negative covenants. However, our Directors do not expect that such covenants would materially restrict our overall ability to undertake additional debt or equity financing necessary to carry out our current business plans. For risks associated with restrictive covenants, please see "Risk Factors — Risks Relating to Our Business — We are subject to certain restrictive covenants and risks normally associated with borrowings which may limit or otherwise materially and adversely affect our business, results of operations and financial condition".

During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that they are not aware of any material defaults in payment of trade and non-trade payables and bank and other borrowings, any breach of any of the covenants contained in our banking facilities constituting any event of default nor aware of any restrictions that will limit our ability to drawdown on unutilised facilities. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we had not experienced any material difficulties in obtaining banking facilities nor had we been rejected for any loan application.

As at 31 January 2016, save as disclosed in the sub-section headed "Indebtedness Statement — Loans and borrowings" above and apart from loans from the Remaining Parentco Group, we did not have any other outstanding mortgages, charges, debt securities or other similar indebtedness, loan capital, bank borrowings, overdrafts, financial leases or purchase hire commitments, liabilities under acceptances or acceptance credits, contingent liabilities or guarantees.

We intend to continue to finance portions of our property development projects with bank borrowings, as we deem appropriate. Except for such bank borrowings we currently do not have plans for other material external debt financing. We do not anticipate any changes to the availability of bank financing to finance our operations in the future, although we cannot assure you that we will be able to access bank financing on favourable terms or at all.

Off-balance sheet commitments and arrangements

As at 31 January 2016, we had not entered into any off-balance sheet arrangements or commitments to guarantee the payment obligations of any third parties. We do not have any variable interest in any uncombined entity or special purpose vehicles that provide financing, liquidity, market risk or credit support to us or engages in leasing or hedging services with us.

CONTINGENT LIABILITIES

As at the Latest Practicable Date, our Group did not have contingent liabilities that will have a material adverse effect on our financial position, liquidity or result of operation.

CAPITAL EXPENDITURES AND COMMITMENTS

Capital expenditures

For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, we incurred capital expenditures of nil, approximately HK$538.2 million, HK$235.2 million and HK$0.4 million, respectively, comprising expenditures primarily for investment properties.

Capital commitments

The following table sets forth the total capital commitments for expenditure which have not been provided for in the financial statements:

	As at 31 March			As at 30 September
	2013	**2014**	**2015**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contracted, but not provided for:				
Properties under development	291,932	211,309	42,757	216,779
Investment properties	406,400	9,824	6,981	7,351
Total	698,332	221,133	49,738	224,130

Operating lease commitments

As lessor

Our Group leases the investment properties under operating lease arrangements, with leases negotiated for terms ranging from one year to four years. The terms of the leases also require the tenants to pay security deposits which are provided for periodic rental adjustments according to the then prevailing market conditions and include conditions on contingent rental upon which monthly rental is based on the higher of the turnover rent and basic rent.

As at March 31, 2013, 2014 and 2015 and 30 September, 2015, the total future minimum lease receivables under non-cancellable operating leases with our tenants falling due as follows:

	As at 31 March			As at 30 September
	2013	**2014**	**2015**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	24,412	10,968	20,257	31,018
In the second to fifth years, inclusive	18,085	2,836	35,054	42,759
Total	42,497	13,804	55,311	73,777

KEY FINANCIAL RATIOS

The following table sets out a summary of certain financial ratios for the periods or as at the dates indicated:

	Year ended 31 March			Six months ended 30 September
	2013	**2014**	**2015**	**2015**
Profitability ratios				
Gross profit margin (%)	60.5	57.1	45.8	34.2
Net profit margin (%)	36.7	30.7	37.4	20.3
Return on equity (%)	218.6	164.9	191.0	121.2

	As at 31 March			As at 30 September
	2013	**2014**	**2015**	**2015**
Liquidity ratio				
Current ratio	1.1	0.8	1.1	1.1
Capital adequacy ratios				
Debt-to-asset ratio (%)	47.9	31.3	41.8	45.9
Gearing ratio (%)	2,139.7	502.0	1,018.1	1,397.6

Please see the sub-section headed "Period to Period Comparison of Results of Operations" above for a discussion of the factors affecting gross and net profit margins during the respective periods.

Return on equity

Return on equity is our net profit divided by total equity for each financial period.

For the six months ended 30 September 2015, the calculation of return on equity is based on our net profit for the period divided by the total equity, multiplied by 12/6. This is an annualised number based on the net profit for the six months ended 30 September 2015, and hence may not comparable to the return on equity ratio based on the full year profit for the years ended 31 March 2013, 2014 and 2015.

Our return on equity decreased to approximately 164.9% for the year ended 31 March 2014 from approximately 218.6% for the year ended 31 March 2013, primarily due to a significant increase in our reserves as at 31 March 2014 as a result of the retained profits recorded for the year. The increase in our return on equity for the year ended 31 March 2015 was in line with the fluctuations in our net profit during the year.

Current ratio

Current ratio is our current assets divided by our current liabilities at the end of each financial period.

As at 31 March 2013, 2014 and 2015 and 30 September 2015, our current ratio remained relatively stable at approximately 1.1, 0.8, 1.1 and 1.1 respectively. This was primarily due to our prudent financial strategy maintained during the Track Record Period.

Debt-to-asset ratio

Debt-to-asset ratio is our total net debt divided by total assets. Total net debt includes interest-bearing bank and other borrowings less cash at banks and on hand.

The decrease in our debt-to-asset ratio from approximately 47.9% as at 31 March 2013 to approximately 31.3% as at 31 March 2014 was mainly due to the repayment of bank borrowings as a result of the completion and delivery of 726 Nathan Road and The Met. Focus in 2014. Our debt-to-asset ratio increased to approximately 41.8% as at 31 March 2015 and further increased to approximately 45.9% as at 30 September 2015, which was mainly due to the new loans from bank borrowed during the year to support the expansion of our business.

Gearing ratio

Gearing ratio is our total interest-bearing bank and other borrowings less cash at banks and on hand as a percentage of total equity at the end of each financial period. We incurred high interest expense and had high gearing ratio throughout the Track Record Period. For details of our finance costs incurred during the Track Record Period, please refer to the paragraph headed "Description of Certain Key Items of the Combined Statements of Profit or Loss and Other Comprehensive Income — Finance costs" above in this section.

The decrease in our gearing ratio from approximately 2,139.7% as at 31 March 2013 to approximately 502.0% as at 31 March 2014 was mainly due to the combined effect of (i) the repayment of bank borrowings as a result of the completion and delivery of 726 Nathan Road and The Met. Focus in 2014; and (ii) an increase in the total equity as a result of the increase in our profit and total comprehensive income for the year. Our gearing ratio increased to approximately 1,018.1% as at 31 March 2015 primarily due to the increase in new loans from bank borrowed during the year to support the expansion of our business. Our gearing ratio further increased to approximately 1,397.6% as at 30 September 2015, which was mainly due to the decrease in the total equity as a result of the dividends paid during the period.

It is expected that our gearing ratio and our overall financial risk profile will improve immediately after the **[REDACTED]**, as a result of the following events that took place or will take place after 30 September 2015, being the date of our last audited financial information as set out in Appendix I to this **[REDACTED]**:

1. the repayment and capitalisation of the amount due from/to the Remaining Parentco Group and loan from WOG;

2. the estimated net proceeds from the **[REDACTED]** (assuming an **[REDACTED]** of **[REDACTED]** per **[REDACTED]**);

3. the completion of the disposal of Riviera Plaza in Tsuen Wan, which took place on 15 February 2016, details of which are set out in the paragraph headed "Financial Information — Recent Development" of this section below; and

4. the completion of the disposal of a shop located in Mongkok, which took place on 11 November 2015, details of which are set out in the paragraph headed "Financial Information — Recent Development" of this section below.

QUANTITATIVE AND QUALITATIVE DISCLOSURE OF MARKET RISKS

We are, in the ordinary course of our business, exposed to various market risks, including interest rate risk, credit risk, liquidity risk and foreign currency risk. Our capital risk management strategy aims to safeguard our ability to continue as a going concern in order to provide returns for our shareholders and to maintain an optimal capital structure to reduce the cost of capital.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of our Group's financial instruments will fluctuate because of changes in market interest rates. Our Group's exposure to changes in market interest rates relates primarily to our Group's bank loans with floating interest rates. Our Group has not used any interest rate swaps to hedge its interest rate risk, and will consider hedging significant interest rate risk should the need arise.

For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, we estimated that a change of 100 basis points in interest rates for floating rate borrowings, with all other variables held constant, would decrease/increase our profit or loss by approximately HK$15.4

million, HK$12.0 million, HK$21.1 million and HK$19.0 million, respectively. Please refer to Note 35 of the Accountants' Report included as Appendix I to this **[REDACTED]** for further details regarding our interest rate risk.

Credit risk

Credit risk is the risk of financial loss to our Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from our other receivables. Management has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis. The maximum exposure of these financial assets is equal to the carrying amounts of these instruments.

In respect of other receivables, credit evaluations are performed on all customers requiring credit over a certain amount.

The credit risk of debt securities mainly arises from the risk that the issuer might default on a payment or go into liquidation. Debt securities by different types of issuers are generally subject to different degrees of credit risk. Management regularly reviews the credit exposure and does not expect any investment counterparty to fail to meet its obligations.

The credit risk of our Group's other financial assets, which comprise cash and cash equivalents, with the maximum exposure equal to the carrying amounts of these instruments.

Liquidity risk

Liquidity risk is the risk that our Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Our Group monitors the risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both our financial instruments and financial assets and projected cash flows from operations.

Our Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other loans. Approximately 13.7%, 32.8%, 28.5% and 24.4% of our loans and borrowings will mature in less than one year based on the carrying amounts reflected in the combined statements of financial position as at 31 March 2013, 2014, 2015 and 30 September 2015, respectively. Please refer to Note 35 of the Accountants' Report included as Appendix I to this **[REDACTED]** for further details regarding our liquidity risk.

Capital management

The primary objectives of our Group's capital management are to safeguard our Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

Our Group manages the capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, our Group may adjust the dividend payment to shareholders and return capital to shareholders. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period.

DIVIDENDS

During the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, our Group declared a dividend of HK$244.0 million, HK$253.7 million, HK$477.9 million and HK$170.0 million, respectively.

We currently do not have any plans to distribute regular dividends immediately after the **[REDACTED]**, although this is subject to change. Our Board may declare dividends in the future after taking into account our operations, earnings, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and Bermuda company law, including where required, the approval of our Shareholders. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of the Board to recommend. We currently do not have any specific dividend policy.

DISTRIBUTABLE RESERVES

As at 30 September 2015, our Company did not have any distributable reserve available for distribution to our Shareholders as our Company had not been incorporated.

RECENT DEVELOPMENTS SUBSEQUENT TO THE TRACK RECORD PERIOD

Our financial results were and will continue to subject to fluctuations due to the different development cycle of our properties and property mix such as the proportion of properties for sale and rental income from investment properties. Other factors such as the timing of pre-sales, project completion, actual delivery of properties, changes in fair value gain upon transfer to investment properties and changes in fair value of investment properties may also affect our financial results from time to time. For details, please see the sections headed "Risk Factors — Risks Relating to Our Business — We generate revenue principally from the sale of properties, which depends on a number of factors including the schedule of our property development and the timing of property sales" and "Financial Information — Key Factors Affecting Our Performance" in this **[REDACTED]**.

Recent market conditions

In December 2015, the Federal Reserve of the United States decided to raise the federal funds rate by 0.25% and indicated that the rate level is expected to increase gradually in the next few years. Our Directors expect that the banks in Hong Kong may increase the interest rate in the near future, which may likely have a negative impact on our financial performance, as such increase in interest rate will directly affect our future costs of property developments and the costs of purchasing properties of our customers. For details, please refer to the paragraphs headed "Risk Factors — Risks Relating to Our Group and Our Business — Our profit and results of operation are subject to changes in interest rates" and "Risk Factors — Risks Relating to Our Industry — Our Business will be adversely affected if mortgage financing becomes more costly or otherwise less attractive or available" of this **[REDACTED]**.

According to the DTZ Market Report, both residential and commercial property markets had been declining in 2015 in terms of the number and total value of contracted sales. Further, the commercial property leasing market has been experiencing increasing vacancy rate after 2012, with a drop of commercial property rental in 2015. For details of the property market, please refer to the section headed "Industry Overview" of this **[REDACTED]**. Our Directors are of the view that if such market conditions persist, our business, financial condition, results of operation and growth prospects may be adversely affected. For details, please refer to the paragraph headed "Risk Factors — Risks Relating to Our Group and Our Business — Our business is dependent on the economic conditions in Hong Kong, particularly the performance of the property market in Hong Kong" of this **[REDACTED]**.

Our recent developments

Since 30 September 2015 and up to the Latest Practicable Date, we had the following recent developments:

- **Disposal of Riviera Plaza in Tsuen Wan** — Pursuant to a sale and purchase agreement dated 1 December 2015 between East Run, our wholly-owned subsidiary, as the vendor, Parentco as the vendor's guarantor, and an Independent Third Party as the purchaser, we disposed of Commercial Units and Car Parking Spaces on 1st and 2nd Basement of Riviera Plaza, Riviera Gardens, Nos. 1–9, 2–12 Yi Lok Street, Nos. 1–7, 2–12 Yi Hong Street, Tsuen Wan, New Territories for a consideration of HK$823.0 million. The completion of the sale and purchase took place on 15 February 2016. After such completion, our Group ceased to hold any interest in the shopping mall and car parking spaces of the Riviera Plaza. We expect to record a gain of approximately HK$292.0 million from the disposal of Riviera Plaza;

- **Disposal of a piece of land located in Yuen Long** — Pursuant to a sale and purchase agreement entered into on 28 November 2015 between Kartix, as the vendor, and an Independent Third Party as the purchaser, Kartix disposed of Parcel of land of The Dawning Place, 92A–92G Yeung Uk Tsuen, Shap Pat Heung, Yuen Long, New Territories for a consideration of HK$1.2 million. The completion of the sale and purchase took place on 28 December 2015. We expect to record a gain of approximately HK$26,000 from the disposal of this piece of land;

- **Disposal of properties on Yen Chow Street and Chuen Long Street** — Pursuant to a sale and purchase agreement entered into on 13 November 2015 between East Run, our wholly-owned subsidiary, as the vendor and a subsidiary of Wai Yuen Tong Medicine Holdings Limited as the purchaser, we disposed of (i) Shop B on G/F including the Cockloft, Yan Oi House, No. 237 Sha Tsui Road, Nos. 87 & 89 Chuen Lung Street, Tsuen Wan, New Territories; and (ii) Ground Floor with the Cockloft, No. 60A Yen Chow Street, Kowloon, for a total consideration of HK$70.0 million. The completion of the sale and purchase took place on 23 December 2015. We expect to record an aggregate gain of approximately HK$17.3 million from the disposal of these two shops;

- **Disposal of a shop in 726 Nathan Road** — Pursuant to a sale and purchase agreement entered into on 29 September 2015 between City Target, our wholly-owned subsidiary, as the vendor, and two Independent Third Parties as the purchasers, we disposed of Shop on 21st Floor, "726 Nathan Road", No. 726 Nathan Road, Kowloon, which was a completed property held for sale, for a consideration of HK$43.5 million. The completion of the sale and purchase took place on 15 February 2016. We expect to record a gain of approximately HK$8.4 million from the disposal of this shop;

- **Acquisition and disposal of car-parking spaces in Shatin** — Pursuant to a sale and purchase agreement entered into on 14 August 2015, between an Independent Third Party as the vendor and Million Link, our wholly-owned subsidiary, as the purchaser, for the sale and purchase of 137 Car Parking Spaces on Level 1 of Podium, Shatin Centre, Nos. 2–16 Wing Pok Street, Shatin, New Territories for a consideration of HK$96.8 million. The sale and purchase of such car parking spaces were completed on 30 November 2015. As at the Latest Practicable Date, 48 car parking spaces were sold for a total consideration of approximately HK$53.3 million. We expect to record an aggregate gain of approximately HK$8.1 million from the disposals of these car parking spaces; and

- **Disposal of a shop in Mongkok** — Pursuant to a sale and purchase agreement dated 12 August 2015 between East Run, our wholly-owned subsidiary, as the vendor, Parentco as the vendor's guarantor, and an Independent Third Party as the purchaser, we disposed of Shop Nos. 4 and 5 on Ground Floor, Mongkok Building, Nos. 93, 95 & 99 Mong Kok Road, Nos. 135A & 135B Sai Yee Street, Kowloon for a consideration of HK$158.0 million. The completion of the sale and purchase took place on 11 November 2015. We expect to record a gain of approximately HK$89,000 from the disposal of this shop.

We expect to record gains from the disposals of properties listed above of approximately HK$325.9 million for the year ending 31 March 2016, and the net proceeds from the aforementioned disposals would improve our cashflow and gearing position.

MATERIAL ADVERSE CHANGE

We expect that our four existing projects under development will be completed and delivered in late 2017, early 2018 or early 2019, details of which are set out in the paragraph headed "Business — Our Property Development Business — Description of the portfolio of our property development business" on page 122 to page 124 of this **[REDACTED]**. As such, it is anticipated that our revenue generated from sale of self-developed properties for the coming two years will be significantly affected.

In addition, our Directors also anticipated that our profit and gross profit margins for the years ending 31 March 2016 and 2017 may be further adversely affected due to the following factors:

(i) the expected decrease in sale of commercial properties with a higher profit margin that is generally enjoyed by commercial properties based on our Group's experience;

(ii) the sale of car parking spaces which we acquired after the Track Record Period is expected to have lower gross profit margins as compared to the sales of self-developed properties; and

(iii) we may consider disposing the land comprising the Sze Shan Street Project, the sale of which may have lower gross profit margins as compared to the sale of self-developed properties due to the limited value-added work done by us on the site.

As a result of the aforementioned factors, our Directors anticipated that our net profit for the years ending 31 March 2016 and 2017 may be adversely affected.

Our Directors have confirmed that taking into account of the anticipated decrease in (i) our revenue generated from sale of self-developed properties; (ii) our gross profit margin; and (iii) our net profit excluding non-recurring gains from the disposal of properties as discussed above and the **[REDACTED]** expenses as disclosed in the paragraph headed "**[REDACTED]** Expenses"' above in this section, there may be material adverse change in our trading and financial position since 30 September 2015, being the date of our last audited financial statement as set out in Appendix I to this **[REDACTED]**, and up to the date of this **[REDACTED]**. Our Directors have also confirmed that, since 30 September 2015 and up to the date of this **[REDACTED]**, there had been no material adverse change in the market conditions or the industry and environment in which we operate that materially and adversely affect our financial or operating position or prospects of our Group.

RELATED PARTY TRANSACTIONS

In respect of the related-party transactions and balances set out Note 32 in the Accountants' Report in Appendix I to this **[REDACTED]**, our Directors confirm that all related party transactions during the Track Record Period were conducted on normal commercial terms and/or on an arm's-length basis, and that their terms were fair, reasonable and in the interest of our Shareholders as a whole.

PROPERTY INTERESTS AND PROPERTY VALUATION

For details of our property interests and property valuation, please refer to the sub-sections headed "Business — Overview", "Business — Our Property Portfolio", "Business — Our Development Properties", "Business — Our Investment Properties" and "Business — Property Valuation" in this **[REDACTED]**.

[REDACTED] EXPENSES

Assuming the **[REDACTED]** is not exercised and assuming the **[REDACTED]** of **[REDACTED]**, being the mid-point of our indicative price range of the **[REDACTED]** stated in this **[REDACTED]**, the **[REDACTED]** expenses, which are non-recurring in nature, are estimated to be approximately **[REDACTED]**.

Of such amount to be borne by us, approximately **[REDACTED]** of our estimated **[REDACTED]** expenses is directly attributable to the issue of the **[REDACTED]** and is to be accounted for as a deduction from equity in accordance with the relevant accounting standard. The remaining amount of approximately **[REDACTED]** is to be charged to the combined statements of profits or loss and other comprehensive income for the year ending 31 March 2016.

Our Directors would like to emphasise that the **[REDACTED]** expenses stated above are the current estimation for reference purpose and the actual amount to be recognised is subject to adjustments based on audit and the then changes in variables and assumptions. Our Directors consider that such **[REDACTED]** expenses would, to certain extent, adversely affect our results of operations for the year ending 31 March 2016.

UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

Please see the section headed "Unaudited Pro Forma Financial Information" included as Appendix II to this **[REDACTED]** for details.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Except as disclosed in this **[REDACTED]**, our Company confirms that, as at the Latest Practicable Date, our Company was not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.