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Post Hearing Information Pack of
Wang On Properties Limited
宏安地產有限公司

(a company incorporated in Bermuda with limited liability)

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If an offer or an invitation is made to the public in Hong Kong in due course, prospective investors are reminded to make their investment decisions solely based on the Company’s prospectus registered with the Registrar of Companies in Hong Kong, copies of which will be distributed to the public during the offer period.

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WANG ON PROPERTIES LIMITED

宏安地產有限公司

(Incorporated in Bermuda with limited liability)

[REDACTED]

**Number of [REDACTED] under : [REDACTED] (subject to the [REDACTED])
the [REDACTED]**

Number of [REDACTED] : [REDACTED] (subject to reallocation)

**Number of [REDACTED] : [REDACTED] (subject to reallocation and the
[REDACTED])**

**[REDACTED] : Not more than [REDACTED] per
[REDACTED] and expected to be not less than
[REDACTED] per [REDACTED], plus
brokerage fee of 1%, SFC transaction levy of
0.0027% and Stock Exchange trading fee of
0.005% (payable in full on application in Hong
Kong dollar and subject to refund)**

Nominal value : HK\$0.01 per Share

Stock code : [REDACTED]

[REDACTED]

**Joint Sponsors
(in alphabetical order)**



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A copy of this [REDACTED], having attached thereto the documents specified in the paragraph headed “Documents Delivered to the Registrar of Companies in Hong Kong” in Appendix VI to this [REDACTED], has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this [REDACTED] or any other document referred to above.

The final [REDACTED] is expected to be fixed by agreement between the [REDACTED] (for itself and on behalf of the [REDACTED]) and our Company on the [REDACTED]. The [REDACTED] is expected to be on or around [REDACTED] and, in any event, not later than [REDACTED]. The [REDACTED] will be not more than [REDACTED] and is currently expected to be not less than [REDACTED] unless otherwise announced. If, for any reason, the [REDACTED] is not agreed between the [REDACTED] (for itself and on behalf of the [REDACTED]) and our Company on or before [REDACTED], the [REDACTED] will lapse and will not proceed. Further details are set out in the sections headed “Structure and Conditions of the [REDACTED]” and “How to Apply for [REDACTED] and [REDACTED]” in this [REDACTED].

The [REDACTED] (for itself and on behalf of the [REDACTED]) may, with our consent, reduce the number of [REDACTED] in the [REDACTED] and/or the indicative [REDACTED] range stated in this [REDACTED] (which is [REDACTED] to [REDACTED] per [REDACTED]) at any time on or prior to the morning of the last day for lodging applications under the [REDACTED]. In such a case, notices of the reduction in the number of [REDACTED] in the [REDACTED] and/or the indicative [REDACTED] range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the website of the Stock Exchange at www.hkexnews.hk and our Company’s website at www.woproperties.com not later than the morning of the day which is the last day for lodging applications under the [REDACTED]. If applications for [REDACTED] have been submitted prior to the day which is the last day for lodging applications under the [REDACTED], such applications cannot be subsequently withdrawn even if the number of [REDACTED] in the [REDACTED] and/or the indicative [REDACTED] range is so reduced.

Prior to making an investment decision, prospective investors should carefully consider all of the information set out in this [REDACTED], including the risk factors set out in the section headed “Risk Factors” in this [REDACTED].

The obligations of the [REDACTED] under the [REDACTED] to subscribe for, and to procure applicants for the subscription for, the [REDACTED], are subject to termination by the [REDACTED] (for itself and on behalf of the [REDACTED]) if certain grounds arise prior to 8:00 a.m. on the day that trading in the [REDACTED] commences on the Stock Exchange. Such grounds are set out in the paragraph headed “[REDACTED] — [REDACTED] Arrangements and Expenses — (a) [REDACTED] — Grounds for Termination” in this [REDACTED]. It is important that you refer to that paragraph for further details.

The [REDACTED] have not been and will not be registered under the US Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable US state securities laws. The [REDACTED] are being offered and sold outside the United States in reliance on Regulation S under the US Securities Act and the applicable laws of each jurisdiction where those offers and sales occur.

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

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IMPORTANT NOTICE TO INVESTORS

This [REDACTED] is issued by our Company solely in connection with the [REDACTED] and the [REDACTED] and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the [REDACTED] and the [REDACTED] offered by this [REDACTED] pursuant to the [REDACTED] and the [REDACTED]. This [REDACTED] may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit [REDACTED] of the [REDACTED] or the distribution of this [REDACTED] in any jurisdiction other than Hong Kong (save for the [REDACTED] made to the Qualifying Parentco Shareholders). The distribution of this [REDACTED] and the offering and sale of the [REDACTED] in other jurisdictions are subject to restrictions, and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this [REDACTED] and the [REDACTED] Forms to make your investment decision. We, the Joint Sponsors, the [REDACTED], the [REDACTED] and the [REDACTED] have not authorised anyone to provide you with information that is different from what is contained in this [REDACTED]. Any information or representation not made in this [REDACTED] must not be relied on by you as having been authorised by us, the Joint Sponsors, the [REDACTED], the [REDACTED], any of the [REDACTED], any of their respective directors, officers, representatives or advisers or any other person involved in the [REDACTED].

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SUMMARY

This summary aims to give you an overview of the information contained in this [REDACTED]. As this is a summary, it does not contain all of the information which may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this [REDACTED]. You should read the whole [REDACTED] including the appendices hereto, which constitute an integral part of this [REDACTED], before you decide to invest in the [REDACTED].

There are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are summarised in the section headed “Risk Factors” in this [REDACTED]. You should read such section carefully before you decide to invest in the [REDACTED].

BUSINESS 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 the sale of our 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 table set out in the sub-section headed “Business — Overview” on page 109 of this [REDACTED].

Prior to the completion of the Reorganisation and the Spin-off, we are part of the Wang On Group established in 1987, and the holding company of which, namely WANG ON GROUP LIMITED (or Parentco, as defined in this [REDACTED]), has been listed on the Main Board since 1995.

Since the commencement of our property development business in 2004 and up to the Latest Practicable Date, our property development projects were as follows:

<u>Completed projects</u>	<u>Projects under development</u>	<u>Project held for future development</u>
<p><i>Residential projects</i></p> <ul style="list-style-type: none"> ● The Met. Delight (completed in 2015) ● The Met. Sublime (completed in 2014) ● The Met. Focus (completed in 2013) ● Godi (completed in 2007) ● Meister House (completed in 2007) <p><i>Commercial project</i></p> <ul style="list-style-type: none"> ● 726 Nathan Road (completed in 2014) 	<p><i>Residential projects</i></p> <ul style="list-style-type: none"> ● Hang Kwong Street Project (expected to complete in October 2017) ● Ma Kam Street Project (expected to complete in February 2018) ● Tai Po Road Project (expected to complete in January 2019) <p><i>Commercial project</i></p> <ul style="list-style-type: none"> ● 575 Nathan Road Project (expected to complete in October 2017) 	<p><i>Residential and commercial project</i></p> <ul style="list-style-type: none"> ● Sze Shan Street Project
<hr/> Approximate total SFA: 198,000 sq.ft.	<hr/> Approximate total expected GFA: 489,000 sq.ft.	<hr/> Approximate expected GFA: 272,000 sq.ft.

SUMMARY

Apart from operating our property development business, we have also been engaging in property investment business 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.

OUR PRINCIPAL BUSINESS AND BUSINESS MODEL

Our principal business comprises property development and property investment. During the Track Record Period, we recognised (i) revenue from the sale of self-developed properties under our property development business; and (ii) (a) revenue from the sale of acquired properties, (b) recurring rental income from leasing our investment properties, and (c) property management fee income, under our property investment business.

Property Development

Sale of Self-developed Properties

We generate revenue from the sale of properties that are developed by us. During the Track Record Period, revenue from the sale of self-developed properties comprised revenue from the selling of The Met. Delight, The Met. Sublime, The Met. Focus and 726 Nathan Road.

Property Investment

Sale of Acquired Properties Held for Sale

Revenue from the sale of acquired properties held for sale represents the revenue generated from the sale of properties that we had purchased in the market and subsequently re-sold. During the Track Record Period, we sold residential units in Royal Ascot in Shatin and commercial units in Grandeur Terrace in Tin Shui Wai. Depending on market demand, we may hold a mix of commercial properties, such as shops, shopping malls, car parking spaces and office units, and industrial properties for sale.

Gross Rental Income

We hold our investment properties for rental income and capital appreciation. Our gross rental income represents the rental income we receive from the leasing of our investment properties.

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. Our property management fee income mainly represents the 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

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third-party service providers. 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). While the total gross profit of our Group amounted to approximately HK\$308.4 million, HK\$792.8 million, HK\$562.8 million and HK\$183.2 million during the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, respectively, we suffered loss in our property management business of approximately HK\$1.0 million, HK\$15.4 million, HK\$5.2 million and HK\$2.5 million during the corresponding periods as we had vacant shops in Grandeur Terrace and Riviera Plaza, which did not generate revenue for our property management business.

Source of funding

We require substantial capital investment for our business. We have funded and will continue to fund our business operation principally through (i) proceeds generated from pre-sale and sale of our properties; and (ii) bank borrowings. 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.

Our bank borrowings are generally subject to certain 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 risk associated with restrictive covenants, please see “Risk Factors — Risks Relating to Our Group and 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” on page 45 to page 46 of this [REDACTED].

SUPPLIERS

Our Group’s major suppliers during the Track Record Period are based in Hong Kong, consisting mainly of the Hong Kong Government, the owner of a development site, construction companies which provide construction, foundation and demolition works and a firm of architects. During the Track Record Period, we outsourced all of the construction-related work for our property development projects to independent construction companies. For details, please refer to the sub-section headed “Business — Suppliers” on page 145 to page 148 of this [REDACTED].

CUSTOMERS

Our Group’s major customers during the Track Record Period are purchasers of our commercial and residential properties in Hong Kong. For details, please refer to the sub-section headed “Business — Customers” on page 149 of this [REDACTED].

COMPETITIVE LANDSCAPE AND COMPETITIVE STRENGTHS

According to the DTZ Market Report, the property market in Hong Kong has traditionally been dominated by a few large-scale local developers which are listed on the Stock Exchange. However, there has been a growing number of small-to-medium listed companies and private companies which participate in the property market in the past decade. In recent years, developers based in China have also entered into the Hong Kong property market and are active in the Hong Kong property market. According to the DTZ Market Report, based on the number of residential units pre-sold from January 2011 to September 2015, the top five property developers listed on the Stock Exchange together

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accounted for approximately 80.7% of the total number of pre-sold residential units from January 2011 to September 2015. Despite the competitive environment, we have been able to achieve satisfactory sales. For details, please refer to the section headed “Industry Overview” on page 68 to page 81 of this [REDACTED].

Our Directors consider our success is principally attributed to the following competitive strengths:

- we successfully established “The Met.” brand in Hong Kong;
- we have a broad range of properties for development and investment;
- we have an experienced and stable management team which is able to understand the needs and preferences of the target buyers of our properties and the target tenants of our properties, and respond swiftly to market demand; and
- we have an established business model where we strategically hold selected properties for investment for recurring rental income and capital appreciation.

For details, please refer to the sub-section headed “Business — Our Competitive Strengths” on page 113 to page 116 of this [REDACTED].

BUSINESS STRATEGIES

To expand our market share as a property developer and owner in Hong Kong and create value for our Shareholders, we intend to implement the following business strategies:

- continue to focus predominately on developing residential and commercial properties in locations accessible by public transportation;
- maintain a prudent land bank strategy;
- improve the mix of the portfolio for our property investment business;
- promote our brand recognition in Hong Kong; and
- continue to attract, retain and motivate skilled and talented workforce.

For details, please refer to the sub-section headed “Business — Our Business Strategies” on page 116 to page 118 of this [REDACTED].

RISK FACTORS

Our business is subject to a number of risks and uncertainties, including the following highlighted risks:

- our business is dependent on the economic conditions in Hong Kong, particularly the performance of the property market in Hong Kong;
- we may not be able to identify and acquire land bank which is suitable and desirable for our future development;
- 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 particularly period depends on the mix of properties available for sale;

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- we recorded a non-recurring fair value gain of approximately HK\$107.7 million for the year ended 31 March 2015 attributable to reclassification of a property held for sale into an investment property. However, our investment properties may incur negative fair value change in the future, which may adversely affect our profitability;
- we may be unable to obtain, or may suffer material delays in obtaining, the relevant government approvals or be unable to take possession of the land parcels for our property development projects;
- we rely on external construction companies for the construction-related works of our property development projects and these construction companies may fail to provide satisfactory services which adhere to our quality and safety standards and in a timely manner, or at all;
- our results of operations may be adversely affected by labour shortages and/or the increase in the costs of labour; and
- 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.

The risks mentioned above are not the only significant risks that may affect our operations. As different investors may have different interpretations and standards for determining materiality of a risk, you are cautioned that you should carefully read the section headed “Risk Factors” on page 38 to page 55 of this [REDACTED].

OUR PROPERTY PORTFOLIO

We have a diversified portfolio of properties in Hong Kong. The table below sets out a summary of our property portfolio as at the Latest Practicable Date by geographic location and their valuations as at 31 December 2015:

	Property Development									Property Investment						Total		
	Completed Properties Held for Sale			Properties under Development			Properties Held for Future Development			Acquired Properties Held for Sale			Properties Held for Investment					
	SFA	GFA	(HK\$)	Expected SFA	Expected GFA	Expected (HK\$)	Expected SFA	Expected GFA	Expected (HK\$)	SFA	GFA	(HK\$)	SFA	GFA	(HK\$)	SFA	GFA	(HK\$)
	(sq.ft.)	(sq.ft.)	million	(sq.ft.)	(sq.ft.)	million	(sq.ft.)	(sq.ft.)	million	(sq.ft.)	(sq.ft.)	million	(sq.ft.)	(sq.ft.)	million	(sq.ft.)	(sq.ft.)	million
Hong Kong																		
Island	—	—	—	—	—	—	—	—	—	—	—	4,951	—	288.2	4,951	—	288.2	
Kowloon	1,360	—	47.8	—	25,465	430.0	—	271,616	370.0	—	—	—	4,684	—	254.9	6,044	297,081	1,102.7
New Territories	—	—	—	—	463,217	2,095.0	—	—	—	—	—	88.7	1,224	—	55.4	1,224	463,217	2,239.1
Total	1,360	—	47.8	—	488,682	2,525.0	—	271,616	370.0	—	—	88.7	10,859	—	598.5	12,219	760,298	3,630.0

Notes:

1. Only SFA is disclosed for completed properties held for sale, acquired properties held for sale and properties held for investment, as the construction of such properties was completed, the respective SFA can be ascertained with certainty. Further, it is in line with the market practice to disclose the SFA of properties after the Residential Properties (First-hand Sales) Ordinance came into effect on 2 April 2013.
2. Our Directors are of the view that it is more appropriate to disclose only the expected GFA of the properties under development and properties held for future development, as the SFA of such properties cannot be properly ascertained due to the fact that such properties are either under construction or to be constructed in the future, and it may be subject to change during the course of construction.

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For details, please refer to the paragraphs headed “Business — Overview — Our property portfolio” and the sub-section headed “Business — Our Property Portfolio” on page 112 to page 113 and page 118 of this [REDACTED], respectively.

SUMMARY OF FINANCIAL AND OPERATING INFORMATION

Selected combined statements of profit or loss and other comprehensive income

	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)	
Revenue	509,833	1,389,372	1,228,771	506,875	535,026
Cost of sales	(201,448)	(596,540)	(666,005)	(220,219)	(351,853)
Gross profit	308,385	792,832	562,766	286,656	183,173
Profit before tax	225,777	530,873	540,638	233,926	129,102
Profit and total comprehensive income for the year/period	187,181	427,007	459,688	195,249	108,511
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)

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	%	HK\$'000	%
							(unaudited)			
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	<u>509,833</u>	<u>100.0</u>	<u>1,389,372</u>	<u>100.0</u>	<u>1,228,771</u>	<u>100.0</u>	<u>506,875</u>	<u>100.0</u>	<u>535,026</u>	<u>100.0</u>

During the Track Record Period, we had generated most of our revenue from the sale of properties, the source of which changed according to the mix of properties available for sale during the corresponding periods. For the year ended 31 March 2013, we generated most of our revenue from the sale of acquired properties held for sale, while we generated most of our revenue from the sale of self-developed properties for the years ended 31 March 2014 and 2015. For details, please refer to the table under the sub-section headed “Business — Overview” on page 110 of this [REDACTED].

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%,

SUMMARY

respectively. Our net profit for the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015 was approximately HK\$187.2 million, HK\$427.0 million, HK\$459.7 million and HK\$108.5 million, respectively. The decline of the gross profit margin and net profit for the six months ended 30 September 2015 as compared to the six months ended 30 September 2014 was largely dependent on the product mix of the sale of properties. For the six months ended 30 September 2015, the decline of the gross profit margin and net profit was primarily attributable to the commencement of delivery of The Met. Delight with lower gross profit margin, 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.

For a detailed analysis of our revenue, gross profit and gross profit margin, please refer to the paragraphs headed “Financial Information — Description of Certain Key Items of the Combined Statements of Profit or Loss and Other Comprehensive Income — Revenue” and “Financial Information — Description of Certain Key Items of the Combined Statements of Profit or Loss and Other Comprehensive Income — Gross profit and gross profit margin” on page 203 to page 206 and page 208 to page 209 of this [REDACTED], respectively.

Non-recurrent fair value gain

We recorded a non-recurrent fair value gain of approximately HK\$107.7 million for the year ended 31 March 2015 as a result of the transfer of a property, namely the shop on the ground floor of one of our property development projects, 726 Nathan Road, from the classification of property held for sale to investment property. For details, please refer to the paragraph headed “Financial Information — Description of Certain Key Items of the Combined Statements of Profit or Loss and Other Comprehensive Income — Fair value gain upon transfer of a property held for sale to an investment property” on page 211 of this [REDACTED].

The table below sets forth selected data relating to our adjusted net profit for the year/period during the Track Record Period after excluding the effect of (i) the fair value gain upon transfer of a property held for sale to an investment property; and (ii) fair value gains/losses on investment properties:

	Year ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(unaudited)	
Profit for the year/period	187,181	427,007	459,688	195,249	108,511
Fair value gain upon transfer of a property held for sale to an investment property (net of tax effect)	—	—	(89,950)	—	—
Fair value losses/(gains) on investment properties, net	<u>(68,262)</u>	<u>25,301</u>	<u>(47,588)</u>	<u>(16,312)</u>	<u>(39,224)</u>
Adjusted net profit for the year/period	<u>118,919</u>	<u>452,308</u>	<u>322,150</u>	<u>178,937</u>	<u>69,287</u>

SUMMARY

Selected combined statements of financial position

	As at 31 March		As at 30 September	
	2013	2014	2015	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	1,278,835	1,598,731	1,567,687	1,447,113
Current assets	2,542,203	2,551,582	4,290,393	4,009,954
Current liabilities	2,396,126	3,083,862	3,932,321	3,641,988
Non-current liabilities	1,339,299	807,531	1,685,051	1,635,950
Net current assets/(liabilities)	146,077	(532,280)	358,072	367,966
Total equity	85,613	258,920	240,708	179,129

As at 31 March 2013, 2014 and 2015 and 30 September 2015, amounts due from the Remaining Parentco Group amounted to approximately HK\$946.5 million, HK\$1,232.8 million, HK\$1,099.3 million and HK\$1,123.3 million, respectively, which formed a significant part of our current assets. As at 31 March 2013, 2014 and 2015 and 30 September 2015, amounts due to the Remaining Parentco Group amounted to approximately HK\$1,400.7 million, HK\$1,993.0 million, HK\$2,516.7 million and HK\$2,521.1 million, respectively, which also formed a significant part of our current liabilities. For details, please refer to the paragraph headed “Financial Information — Selected Statements of Financial Position Items — Due from/to the Remaining Parentco Group” on page 230 of this [REDACTED].

As at 31 March 2014, we recorded net current liabilities of approximately HK\$532.3 million, which was primarily attributable to our continuous business expansion in 2013 and financing in the acquisition of Riviera Plaza in Tsuen Wan. For further details, please refer to the paragraphs headed “Financial Information — Liquidity and Capital Resources — Net current assets/(liabilities)” on page 236 to page 238 of this [REDACTED].

As at 31 January 2016, we had committed unutilised bank facilities of approximately HK\$1.8 billion.

SUMMARY

Selected combined statements of cash flows

	Year ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(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 the year/period	11,249	102,162	84,950	84,950	242,239
Cash and cash equivalents at end of the year/period	102,162	84,950	242,239	68,191	103,922

We had net cash outflow from operating activities of approximately HK\$1,126.2 million for the year ended 31 March 2015, primarily attributable to an increase in properties under development during the same period. For further details, please refer to the paragraphs headed “Financial Information — Liquidity and Capital Resources — Cash flows — Cash flows from/(used in) operating activities” on page 233 to page 234 of this [REDACTED].

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	2014	2015
				As at	
	As at 31 March			30 September	
	2013	2014	2015	2014	2015
Profitability ratios					
Gross profit margin (%)	60.5	57.1	45.8	34.2	34.2
Net profit margin (%)	36.7	30.7	37.4	20.3	20.3
Return on equity (%)	218.6	164.9	191.0	121.2	121.2
Liquidity ratio					
Current ratio	1.1	0.8	1.1	1.1	1.1
Capital adequacy ratios					
Debt-to-asset ratio (%)	47.9	31.3	41.8	45.9	45.9
Gearing ratio (%)	2,139.7	502.0	1,018.1	1,397.6	1,397.6

SUMMARY

We incurred high interest expense and had high gearing ratio throughout the Track Record Period. For details, please refer to the paragraphs headed “Financial Information — Description of Certain Key Items of the Combined Statements of Profit or Loss and Other Comprehensive Income — Finance costs” and “Financial Information — Key Financial Ratios — Gearing ratio” on page 212 and page 246 to page 247, respectively, of this [REDACTED].

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 “Recent Developments and Material Adverse Change — Our recent developments” 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 “Recent Developments and Material Adverse Change — Our recent developments” of this section below.

For details of our key financial ratios, please refer to the sub-section headed “Information — Key Financial Ratios” on page 245 to page 247 of this [REDACTED].

VALUATION OF OUR PROPERTIES

Asset Appraisal Limited, an independent property valuer, valued our property interests as of 31 December 2015. Please refer to the section headed “Property Valuation” in Appendix III to this [REDACTED] for further information. In connection with its valuation, the Property Valuer applied the direct comparison approach based on prices realised or market prices of comparable properties, or where appropriate, the investment approach by capitalising rental income derived from the existing tenancies, if any, with due allowance for reversionary potential of the property or by reference to comparable market transaction. The direct comparison approach is used to value our properties held for sale, properties under development and properties held for future development, while investment approach and direct comparison approach are used to value the properties held for investment.

In conducting its valuation, the Property Valuer has made certain assumptions. You are advised that the appraised values of our property interests should not be taken as their actual realisable value or a forecast of their realisable value. Please refer to the paragraphs headed “Risk Factors — Risks Relating to Our Group and Our Business — The appraised values of our properties may be different from the actual realisable value” on page 47 to page 48 of this [REDACTED].

SUMMARY

CONTROLLING SHAREHOLDERS

Assuming that all Qualifying Parentco Shareholders take up their respective [REDACTED] under the [REDACTED] in full, and taking no account of any [REDACTED] which may be taken up under the [REDACTED] and any Shares which may be allotted and issued pursuant to the exercise of the [REDACTED], Parentco will be interested in approximately [REDACTED]% of our total issued share capital immediately after the completion of the Capitalisation Issue and the [REDACTED], through its wholly-owned subsidiaries, and will continue to be one of our Controlling Shareholders. For details of Parentco, please refer to the section headed “History, Development and Reorganisation” on page 95 to page 108 in this [REDACTED].

THE SPIN-OFF

The [REDACTED] will constitute a spin-off of the residential and commercial property development and commercial and industrial property investment businesses of Parentco. Our Board believes that the Spin-off essentially and substantively separates the residential and commercial property development and commercial and industrial property investment businesses from the other businesses of Parentco, thereby enabling investors and financiers to appraise the strategies, functional exposure, risks and returns of the respective businesses of Parentco and our Company separately and to make their investment decisions accordingly. For further information regarding the reasons of the Spin-off, please refer to the sub-section headed “History, Development and Reorganisation — The Spin-off” on page 102 to page 103 of this [REDACTED].

Our Directors expect that, immediately following the Spin-off, our Group will principally be engaged in residential and commercial property development and commercial and industrial property investment businesses whereas the Remaining Parentco Group will focus on the provision of finance and the management and sub-licensing of Chinese wet markets. We do not consider there exist material issues relating to competing or potentially competing business or related transaction with Parentco. For further details, please refer to the paragraph headed “Relationship with Controlling Shareholders — Relationship with Parentco — Clear delineation of business” on page 178 of this [REDACTED].

In view of the limited room for further capital appreciation for second-hand residential properties in Hong Kong and our general business strategy to focus on residential and commercial property development and commercial and industrial property investment businesses, certain second-hand residential properties (“**Excluded Properties**”) have been retained in the Remaining Parentco Group. The Remaining Parentco Group has been disposing of the Excluded Properties. As Parentco has undertaken under the Deed of Non-Competition not to engage in business which competes or may compete with our business, the Remaining Parentco Group will not acquire any further residential properties after disposing of all Excluded Properties. For further details, please refer to the sub-section headed “Relationship with Controlling Shareholders — Deed of Non-Competition” on page 183 to page 185 of this [REDACTED].

In accordance with the requirement of Practice Note 15 to the Listing Rules, Parentco will give due regard to the interests of its shareholders by providing Qualifying Parentco Shareholders with an [REDACTED] to the Shares by way of the [REDACTED]. Details of the [REDACTED] are described in the sub-section headed “Structure and Conditions of the [REDACTED] — The [REDACTED]” on page 269 to page 273 of this [REDACTED].

SUMMARY

[REDACTED] STATISTICS

	Based on the [REDACTED] of [REDACTED] per [REDACTED]	Based on the [REDACTED] of [REDACTED] per [REDACTED]
Market capitalisation of our Shares (<i>Note 1</i>)	[REDACTED]	[REDACTED]
Unaudited pro forma adjusted combined net tangible asset per Share (<i>Note 2</i>)	[REDACTED]	[REDACTED]

Notes:

- 1 The calculation of the market capitalisation of our Shares is based on [REDACTED] Shares in issue immediately after completion of the Capitalisation Issue and the [REDACTED] but does not take into account the Shares which may be allotted and issued upon the exercise of the [REDACTED] or any Shares which may be allotted and issued or repurchased by our Company pursuant to the issuing mandate and the repurchase mandate.
- 2 The unaudited pro forma combined net tangible assets of our Group per Share has been prepared with reference to certain estimation and adjustment. Please refer to Appendix II to this [REDACTED] for further details.

DIVIDENDS

No dividend has been paid or declared by our Company since its incorporation up to and including the Latest Practicable Date. Notwithstanding the above, non-recurring dividend of approximately HK\$244.0 million, HK\$253.7 million, HK\$477.9 million and HK\$170.0 million were declared and paid by the companies now comprising our Group to the then shareholders for the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, 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 our Board to recommend. We currently do not have any specific dividend policy.

LITIGATION, CLAIMS AND ARBITRATION

As at the Latest Practicable Date, we were a party to legal proceedings in respect of (i) a dispute relating to the sale of a commercial unit developed by our Group that did not proceed to completion; (ii) subsequent auctioning of the same unsold property, which arose in our Group’s ordinary and usual course of business; and (iii) a personal injuries claim against us brought by a pedestrian in respect of an accident which happened on the pavement outside one of our property’s construction sites. For further details, please refer to the sub-section headed “Business — Litigation, Claims and Arbitration” on page 161 to page 163 of this [REDACTED].

SUMMARY

[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 profit 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.

FUTURE PLANS AND USE OF PROCEEDS FROM THE [REDACTED]

We estimate that the aggregate net proceeds to be received by us from the [REDACTED] (after deducting [REDACTED] fees and estimated expenses payable by us in connection with the [REDACTED], and assuming an [REDACTED] of [REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] range) will be approximately [REDACTED], assuming that the [REDACTED] is not exercised. We currently intend to apply such net proceeds in the following manner:

- approximately [REDACTED] or approximately [REDACTED]% of the net proceeds from the [REDACTED] for acquiring suitable development site(s) in Hong Kong to replenish our land bank for our property development business;
- approximately [REDACTED] or approximately [REDACTED]% of the net proceeds for financing our purchase of properties for investment to enhance our portfolio of properties for investment; and
- approximately [REDACTED] or approximately [REDACTED]% of the net proceeds will be used as general working capital of our Group.

To the extent that the net proceeds of the [REDACTED] are not immediately used for the above purposes and to the extent permitted by the relevant laws and regulations, we intend to deposit such net proceeds into interest-bearing bank accounts with licensed banks and/or financial institutions. Please refer to the sub-section headed “Business — Our Business Strategies” on page 116 to page 118 and the section headed “Future Plans and Use of Proceeds from the [REDACTED]” on page 254 to page 255 of this [REDACTED] for details.

RECENT DEVELOPMENTS AND MATERIAL ADVERSE CHANGE

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

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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” on page 46 and page 51 to page 52 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” from pages 68 to 81 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” on page 38 to page 39 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. 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,

SUMMARY

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.

Completion schedule for our property development projects

Based on our current project plans and internal records, the estimated completion schedule for our property development projects as at the Latest Practicable Date were as follows:

Project	District	Estimated date of completion
1. Hang Kwong Street Project	Shatin	October 2017
2. 575 Nathan Road Project	Mongkok	October 2017
3. Ma Kam Street Project	Shatin	February 2018
4. Tai Po Road Project	Shatin	January 2019
5. Sze Shan Street Project (<i>Note</i>)	Kwun Tong	N/A

SUMMARY

Note: As at the Latest Practicable Date, the land comprising the Sze Shan Street Project was a bare site, and we may consider disposing of such land site. For details, please refer to the paragraph headed “Business — Our Property Development Business — Description of the Portfolio of Our Property Development Business — Properties held for future development — Sze Shan Street Project” on page 123 to page 124 of this [REDACTED].

Given our four existing projects under development are expected to complete and be delivered in late 2017, early 2018 or early 2019, it is anticipated that our revenue generated from sale of self-developed properties for the coming two years will be significantly affected.

If we are unable to complete and deliver our existing development projects as planned, our results of operations may be adversely affected. For details, please refer to the paragraphs headed “Risk Factors — Risk Relating to Our Group and 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 our property sales. Our profitability may fluctuate significantly between different periods, as our financial performance for a particularly period depends on the mix of properties available for sale” and “Risk Factors — Risks Relating to Our Group and Our Business — We may not be able to complete or deliver our property development projects on time, on budget, or at all” on page 40 and page 43 of this [REDACTED].

Outlook and material adverse change

Our Directors anticipated that the source of our revenue for the years ending 31 March 2016 and 2017 will change according to the mix of properties available for sale during the corresponding periods. We expect that our revenue for the year ending 31 March 2016 will mainly include a combination of revenue from the sale of self-developed properties and acquired properties held for sale and our revenue for the year ending 31 March 2017 will be generated mainly from the sale of acquired properties held for sale.

We expect that a significant part of our profit for the year ending 31 March 2016 will include non-recurring gains from the disposal of properties as mentioned in the paragraph headed “Recent Developments and Material Adverse Change — Our recent developments” above in this section. If such gains are excluded, our Directors are of the view that our expected financial results for the year ending 31 March 2016 would be adversely affected as compared to the financial results for the year ended 31 March 2015.

Based on the currently estimated dates of completion of our property development projects, our Directors expected that no revenue will be generated from the sale of self-developed properties for the year ending 31 March 2017.

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 margin as compared to the sale of self-developed properties; and

SUMMARY

- (iii) we may consider disposing of 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 on page I-1 to page I-58 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.

DEFINITIONS

In this [REDACTED], the following terms and expressions shall have the meanings set out below unless the context otherwise requires. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this [REDACTED].

"Ace Solar" ACE SOLAR LIMITED (佳陽有限公司), a company incorporated under the laws of the BVI on 2 January 2015 with limited liability and an indirect wholly-owned subsidiary of our Company

"Advance Prime" ADVANCE PRIME INVESTMENTS LIMITED (晉盛投資有限公司), a company incorporated under the laws of the BVI on 30 April 2013 with limited liability and an indirect wholly-owned subsidiary of Parentco

"Antic Investment" ANTIC INVESTMENT LIMITED (安興投資有限公司), a company incorporated under the laws of Hong Kong on 24 March 2005 with limited liability and an indirect wholly-owned subsidiary of our Company

[REDACTED]

"associate(s)" has the meaning ascribed to it under the Listing Rules

"authorised person" a person whose name is on the authorised persons' register kept under section 3(1) of the Buildings Ordinance as an architect, an engineer or a surveyor

"Beneficial Parentco Shareholder(s)" any beneficial owner(s) of Parentco Share(s) whose Parentco Share(s) is/are registered, as shown in the register of members of Parentco, in the name of a registered Parentco Shareholder at 4:30 p.m. on the Record Date

"Beyond Dragon" BEYOND DRAGON INVESTMENTS LIMITED (越龍投資有限公司), a company incorporated under the laws of the BVI on 27 May 2014 with limited liability and an indirect wholly-owned subsidiary of our Company

[REDACTED]

"Board" or "our Board" the board of Directors

[REDACTED]

"Building Authority" the Director of Buildings as defined in the Buildings Ordinance

DEFINITIONS

“Buildings Department”	the Buildings Department of the Hong Kong Government
“Buildings Ordinance”	the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Business Day”	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	the British Virgin Islands
“Bye-laws”	the bye-laws of our Company that were conditionally adopted on 17 March 2016, which will take effect on the [REDACTED], as amended from time to time, a summary of which is included in “Appendix IV — Summary of the Constitution of the Company and Bermuda Company Law” to this [REDACTED]
“Capitalisation Issue”	the issue of [REDACTED] new Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company upon completion of the [REDACTED] as referred to in “Appendix V — Statutory and General Information — 2. Changes in the Share Capital of our Company” to this [REDACTED]
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant(s)”	person(s) admitted to participate in CCASS as direct clearing participant(s) or general clearing participant(s)
“CCASS Custodian Participant(s)”	person(s) admitted to participate in CCASS as custodian participant(s)
“CCASS Investor Participant(s)”	person(s) admitted to participate in CCASS as investor participant(s)
“CCASS Participant(s)”	CCASS Clearing Participant(s), CCASS Custodian Participant(s) or CCASS Investor Participant(s)
“Champford”	CHAMPFORD INVESTMENT LIMITED (合暉投資有限公司), a company incorporated under the laws of Hong Kong on 7 March 2005 with limited liability and an indirect wholly-owned subsidiary of our Company

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“Champion Value”	CHAMPION VALUE LIMITED (緯泓有限公司), a company incorporated under the laws of Hong Kong on 28 October 2013 with limited liability and an indirect wholly-owned subsidiary of our Company
“China Tech”	CHINA TECH LIMITED (信行有限公司), a company incorporated under the laws of Hong Kong on 30 March 2009 with limited liability and an indirect wholly-owned subsidiary of our Company
“City Global”	CITY GLOBAL LIMITED (友邦有限公司), a company incorporated under the laws of Hong Kong on 18 March 2009 with limited liability and an indirect wholly-owned subsidiary of our Company
“City Target”	CITY TARGET LIMITED (迅強有限公司), a company incorporated under the laws of Hong Kong on 18 March 2009 with limited liability and an indirect wholly-owned subsidiary of our Company
“CLC International”	CLC International Limited, a corporation licensed under the SFO and permitted to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, one of the Joint Sponsors
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Act”	the Companies Act 1981 of Bermuda, as amended from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), which came into effect on 3 March 2014, as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	WANG ON PROPERTIES LIMITED 宏安地產有限公司, an exempted company incorporated under the laws of Bermuda with limited liability on 19 November 2015
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to Parentco, WOE and Earnest Spot

DEFINITIONS

“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Deed of Non-Competition”	the deed of non-competition dated [●] entered into by Parentco in favour of our Company (for ourselves and for each of our subsidiaries), pursuant to which Parentco agreed not to, among other things, engage or participate in any business which is in competition with our business
“Director(s)” or “our Director(s)”	the director(s) of our Company
“Double Bright”	DOUBLE BRIGHT LIMITED (同明有限公司), a company incorporated under the laws of Hong Kong on 9 January 2009 with limited liability and an indirect wholly-owned subsidiary of our Company
“Double Vantage”	DOUBLE VANTAGE LIMITED (培盛有限公司), a company incorporated under the laws of Hong Kong on 20 April 2010 with limited liability and an indirect wholly-owned subsidiary of our Company
“DTZ”	DTZ Debenham Tie Leung Limited, a global real estate adviser and an Independent Third Party
“DTZ Market Report”	a market research report in respect of the Hong Kong property market issued by DTZ dated [●] and commissioned by our Group
“Earnest Spot”	EARNEST SPOT LIMITED, a company incorporated under the laws of the BVI on 18 November 2015 with limited liability and an indirect wholly-owned subsidiary of Parentco and one of our Controlling Shareholders
“East Run”	EAST RUN INVESTMENTS LIMITED, a company incorporated under the laws of the BVI with limited liability on 9 April 2008, which is an indirect wholly-owned subsidiary of our Company
“Easy Kingdom”	EASY KINGDOM LIMITED (誼堅有限公司), a company incorporated under the laws of Hong Kong on 20 June 1997 with limited liability. Easy Kingdom was formerly a direct wholly-owned subsidiary of East Run and is currently an Independent Third Party
“Ever World”	EVER WORLD LIMITED (永聖有限公司), a company incorporated under the laws of Hong Kong on 12 September 2007 with limited liability and an indirect wholly-owned subsidiary of our Company

DEFINITIONS

“Excellence Star”	EXCELLENCE STAR LIMITED (仁隆有限公司), a company incorporated under the laws of Hong Kong on 4 January 2008 with limited liability and an indirect wholly-owned subsidiary of Parentco
“First World”	FIRST WORLD INVESTMENTS LIMITED (輝運投資有限公司), a company incorporated under the laws of Hong Kong on 17 January 2008 with limited liability and an indirect wholly-owned subsidiary of our Company
“Fly Star”	FLY STAR LIMITED (兆騰有限公司), a company incorporated under the laws of Hong Kong on 23 November 2007 with limited liability and an indirect wholly-owned subsidiary of our Company
“GDP”	gross domestic product
“Good Excellent”	GOOD EXCELLENT LIMITED (港威龍有限公司), a company incorporated under the laws of Hong Kong on 10 July 2009 with limited liability. Good Excellent was formerly a wholly-owned subsidiary of East Run, which was engaged in property investment business prior to the completion of its disposal to Guidepost Investments Limited on 23 December 2015. Guidepost Investments Limited is an indirect wholly-owned subsidiary of Wai Yuen Tong Medicine Holdings Limited, a company listed on the Main Board (Stock Code: 897) which was held by the Parentco Group as to approximately 22.08% as at the Latest Practicable Date
“Grandwall”	GRANDWALL INVESTMENT LIMITED (高和投資有限公司), a company incorporated under the laws of Hong Kong on 13 May 2011 with limited liability and an indirect non wholly-owned subsidiary of our Company
	[REDACTED]
“Group”, “our Group”, “we” or “us”	our Company and its subsidiaries or any of them, or where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time

[REDACTED]

DEFINITIONS

[REDACTED]

“HKFRS”	Hong Kong Financial Reporting Standards issued by the HKICPA
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited
“HK\$” or “Hong Kong dollar(s)”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong” or “HK” or “HKSAR”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Branch Share Registrar”	[REDACTED]
“Hong Kong Government”	the Government of Hong Kong
“Hovan”	HOVAN INVESTMENTS LIMITED (凱鋒投資有限公司), a company incorporated under the laws of Hong Kong on 1 November 2007 with limited liability and an indirect wholly-owned subsidiary of our Company
“Independent Third Party(ies)”	third party(ies) independent of our Company and our connected person(s)
“Joint Sponsors”	CLC International and KCF, being the joint sponsors to the [REDACTED]
“Kartix”	KARTIX INVESTMENT LIMITED (嘉穎投資有限公司), a company incorporated under the laws of Hong Kong on 25 March 2004 with limited liability. Kartix was formerly an indirect wholly-owned subsidiary of More Action and is currently a subsidiary of Parentco
“KCF”	Kingston Corporate Finance Limited, a corporation licensed under the SFO and permitted to carry out type 6 (advising on corporate finance) regulated activity under the SFO, one of the Joint Sponsors

DEFINITIONS

[REDACTED]

“Latest Practicable Date” 21 March 2016, being the latest practicable date prior to the printing of this [REDACTED] for the purpose of ascertaining certain information contained in this [REDACTED]

[REDACTED]

“Level Success” LEVEL SUCCESS LIMITED, a company incorporated under the laws of the BVI on 15 May 2009 with limited liability and formerly an indirect wholly-owned subsidiary of our Company which was disposed of to an Independent Third Party (please refer to the section headed “History, Development and Reorganisation” of this [REDACTED] for detail)

[REDACTED]

“Listing Committee” the listing sub-committee of the Stock Exchange

[REDACTED]

“Listing Rules” the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time

“Longable” LONGABLE LIMITED (朗寶有限公司), a company incorporated under the laws of Hong Kong on 8 September 2004 with limited liability and an indirect wholly-owned subsidiary of our Company

“Macau” the Macao Special Administrative Region of the PRC

“Main Board” the stock market operated by the Stock Exchange, which excludes the Growth Enterprise Market of the Stock Exchange and the options market

“Memorandum” or “Memorandum of Association” the memorandum of association of our Company, as amended from time to time

“Million Link” MILLION LINK INVESTMENTS LIMITED (萬臨投資有限公司), a company incorporated under the laws of Hong Kong on 22 November 2013 with limited liability and an indirect wholly-owned subsidiary of our Company

DEFINITIONS

“Miracle Cheer”	MIRACLE CHEER LIMITED, a company incorporated under the laws of the BVI on 18 November 2015 with limited liability and a direct wholly-owned subsidiary of our Company
“More Action”	MORE ACTION INVESTMENTS LIMITED, a company incorporated under the laws of the BVI with limited liability on 22 May 2008, which is an indirect wholly-owned subsidiary of our Company
“Mr. Tang Ching Ho”	Mr. Tang Ching Ho (鄧清河), <i>JP</i> , the founder of our Group, the father of Mr. Tang Ho Hong who is an executive Director, and the executive chairman of Parentco
“MTR”	The Mass Transit Railway
“New Earth”	NEW EARTH INVESTMENTS LIMITED (利樂投資有限公司), a company incorporated under the laws of Hong Kong on 11 January 2011 with limited liability and an indirect wholly-owned subsidiary of our Company
“New Golden”	NEW GOLDEN INVESTMENTS LIMITED (新嘉投資有限公司), a company incorporated under the laws of Hong Kong on 14 May 2007 with limited liability and an indirect wholly-owned subsidiary of our Company
“New Public Shareholder(s)”	the new public Shareholder(s) upon completion of the [REDACTED] and the [REDACTED]
“New Rich”	NEW RICH INVESTMENTS LIMITED (龍勝投資有限公司), a company incorporated under the laws of Hong Kong on 1 November 2007 with limited liability and an indirect non wholly-owned subsidiary of our Company
“Non-Qualifying Parentco Shareholder(s)”	Parentco Shareholder(s) whose name(s) appeared on the register of members of Parentco at 4:30 p.m. on the Record Date and whose address(es) as shown on such register is/are in any of the Specified Territories

[REDACTED]

DEFINITIONS

“Oriental Sino” ORIENTAL SINO INVESTMENTS LIMITED (also known as ORIENTAL SINO INVESTMENTS LTD) (東華投資有限公司), a company incorporated under the laws of Hong Kong on 16 January 2009 with limited liability and an indirect wholly-owned subsidiary of our Company

[REDACTED]

“Parentco” or “WOG” WANG ON GROUP LIMITED (宏安集團有限公司)*, an exempted company incorporated under the laws of Bermuda with limited liability on 25 November 1993, the shares of which are listed on the Main Board (Stock Code: 1222), and one of our Controlling Shareholders

“Parentco Group” or “Wang On Group” Parentco and its subsidiaries before the Spin-off, which includes our Group

“Parentco Shareholder(s)” holder(s) of the Parentco Shares

“Parentco Share(s)” ordinary share(s) with nominal value of HK\$0.01 each in the share capital of Parentco

[REDACTED]

DEFINITIONS

[REDACTED]

"PRC" or "China"

the People's Republic of China which, for the purpose of this [REDACTED] only, excludes Hong Kong, Macau and Taiwan

"PRC Government"

the central government of the PRC comprising all government departments (including provincial, municipal and other regional or local government entities) and organisations thereof or, as the context requires, any of them

[REDACTED]

"Property Valuer"

Asset Appraisal Limited, an independent property valuer

[REDACTED]

DEFINITIONS

[REDACTED]

“Qualifying Parentco Shareholder(s)”	Parentco Shareholder(s) whose name(s) appeared on the register of members of Parentco at 4:30 p.m. on the Record Date, excluding the Non-Qualifying Parentco Shareholder(s)
“Record Date”	22 March 2016 or such other date as announced by WOG, being the record date for ascertaining entitlements to the [REDACTED]
“Regulation S”	Regulation S under the US Securities Act
“Remaining Parentco Group”	Parentco and its subsidiaries after the Spin-off, which excludes our Group
“Reorganisation”	the corporate reorganisation of our Group in preparation for the [REDACTED] as described in the section headed “History, Development and Reorganisation — Reorganisation” in this [REDACTED]
“Repurchase Mandate”	the general unconditional mandate granted to our Directors by our Shareholders in relation to the repurchase of our Shares, further information on which is set forth in the paragraph under “Statutory and General Information — A. Further Information about our Company and our Group — 7. Repurchase by our Company of its own Securities” in Appendix V to this [REDACTED]

[REDACTED]

“Rich System”	RICH SYSTEM INVESTMENTS LIMITED (悦勝投資有限公司), a company incorporated under the laws of Hong Kong on 6 July 2010 with limited liability and an indirect wholly-owned subsidiary of our Company
“Richly Gold”	RICHLY GOLD LIMITED (金峰有限公司), a company incorporated under the laws of Hong Kong on 31 October 2003 with limited liability and an indirect wholly-owned subsidiary of Parentco

DEFINITIONS

“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)” or “our Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of our Company

[REDACTED]

“Shareholder(s)” or “our Shareholder(s)”	holder(s) of the Share(s)
“Shiny World”	SHINY WORLD INVESTMENT LIMITED (光暉投資有限公司), a company incorporated under the laws of Hong Kong on 26 January 2005 with limited liability and an indirect wholly-owned subsidiary of our Company
“Source Millennium”	SOURCE MILLENNIUM LIMITED, a company incorporated under the laws of the BVI on 26 July 2001 with limited liability and an indirect wholly-owned subsidiary of Parentco
“Sparkle Hope”	SPARKLE HOPE LIMITED, a company incorporated under the laws of the BVI on 18 November 2015 with limited liability and an indirect wholly-owned subsidiary of our Company
“Specified Territories”	in respect of the [REDACTED], such territory or territories which our Directors and our Company consider it necessary or expedient to exclude from the [REDACTED] on account of the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction
“Spin-off”	the separate [REDACTED] of the Shares on the Main Board, which is expected to be effected by way of the [REDACTED] including the [REDACTED]

[REDACTED]

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Sunbo”	SUNBO INVESTMENT LIMITED (森寶投資有限公司), a company incorporated under the laws of Hong Kong on 4 October 2007 with limited liability. Sunbo was formerly a wholly-owned subsidiary of East Run, which was engaged in property investment business prior to the completion of its disposal to Guidepost Investments Limited on 23 December 2015. Guidepost Investments Limited is an indirect wholly-owned subsidiary of Wai Yuen Tong Medicine Holdings Limited, a company listed on the Main Board (Stock Code: 897) which was held by the Parentco Group as to approximately 22.08% as at the Latest Practicable Date
“Synergy Best”	SYNERGY BEST LIMITED (協佳有限公司), a company incorporated under the laws of the BVI on 18 November 2013 with limited liability and an indirect wholly-owned subsidiary of our Company
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Top Strong”	TOP STRONG INVESTMENT LIMITED (世強投資有限公司), a company incorporated under the laws of Hong Kong on 28 July 2010 with limited liability and an indirect wholly-owned subsidiary of our Company
“Track Record Period”	the period comprising the three financial years ended 31 March 2015 and the six months ended 30 September 2015
	[REDACTED]
“US” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US Securities Act”	the United States Securities Act of 1933, as amended
“Ventix”	VENTIX INVESTMENT LIMITED (天佳投資有限公司), a company incorporated under the laws of Hong Kong on 9 July 2004 with limited liability and an indirect wholly-owned subsidiary of Parentco

DEFINITIONS

“Vincent Investments”	VINCENT INVESTMENTS LIMITED (永宜投資有限公司), a company incorporated under the laws of Hong Kong on 19 October 2001 with limited liability and an indirect wholly-owned subsidiary of our Company
“Wang On Asset Management”	Wang On Asset Management Limited (宏安資產管理有限公司), a company incorporated under the laws of Hong Kong on 4 July 2014 with limited liability and an indirect wholly-owned subsidiary of our Company
“Wang On Corporate”	Wang On Properties Group Limited (宏安地產集團有限公司), a company incorporated under the laws of Hong Kong on 29 October 2015 with limited liability and an indirect wholly-owned subsidiary of our Company
“Wang On Secretarial”	Wang On Properties Secretarial Services Limited (宏安地產秘書服務有限公司), a company incorporated under the laws of Hong Kong on 2 November 2015 with limited liability and an indirect wholly-owned subsidiary of our Company
“Wang On Services”	Wang On Services Limited (宏安服務有限公司), a company incorporated under the laws of Hong Kong on 27 October 2015 with limited liability and an indirect wholly-owned subsidiary of our Company
“Wang To”	WANG TO INVESTMENTS LIMITED (formerly known as WANG ON ELECTRICAL & MECHANICAL ENGINEERING LIMITED (宏安電機工程有限公司) and WANG TO ELECTRICAL & MECHANICAL ENGINEERING LIMITED (宏圖電機工程有限公司)), a company incorporated under the laws of Hong Kong on 26 May 1994 with limited liability and an indirect wholly-owned subsidiary of our Company
“WEH”	WEH INVESTMENTS LIMITED (formerly known as NICE COURT INDUSTRIAL LIMITED (美苑實業有限公司) and WANG ON ENGINEERING HOLDING LIMITED (宏安工程控股有限公司)), a company incorporated under the laws of Hong Kong on 26 February 1991 with limited liability and an indirect wholly-owned subsidiary of Parentco
“Win Regent”	WIN REGENT LIMITED (威富利有限公司), a company incorporated under the laws of Hong Kong on 30 March 2009 with limited liability and an indirect wholly-owned subsidiary of our Company

DEFINITIONS

“WOE”	WANG ON ENTERPRISES (BVI) LIMITED, a company incorporated under the laws of the BVI on 23 August 1993 with limited liability and a direct wholly-owned subsidiary of Parentco and one of our Controlling Shareholders
“World Way”	WORLD WAY INVESTMENTS LIMITED (華域投資有限公司), a company incorporated under the laws of Hong Kong on 25 March 2009 with limited liability and a former indirect wholly-owned subsidiary of our Company through Level Success, which was disposed of to an Independent Third Party on 15 February 2016
“US\$” or “US dollar(s)”	United States dollar(s), the lawful currency of the United States
	[REDACTED]
“%”	per cent.

Unless otherwise expressly stated or the context otherwise requires, all data in this [REDACTED] is as at the Latest Practicable Date.

Unless otherwise specified, all references to any shareholding in our Company in this [REDACTED] assume no exercise of the [REDACTED].

Unless otherwise specified, for the purposes of this [REDACTED] and for the purposes of illustration only, certain amounts denominated in US dollar have been translated into Hong Kong dollar at the exchange rate of US\$1.00 = HK\$7.80. No representation is made that any amounts in US dollar were or could have been converted at such rate or at any other rates or at all.

Certain amounts and percentage figures included in this [REDACTED] have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

The Chinese translations of company names in English which are marked with “” are for identification purpose only.*

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain terms, definitions and abbreviations used in this [REDACTED] in connection with our Group and our business. The terms and their meanings may not correspond to standard industry meaning or usage of those terms.

“average occupancy rate”	the average monthly area leased divided by the average monthly SFA
“average selling price” or “ASP”	average selling price on a gross basis, unless otherwise stated
“BSD”	buyer’s stamp duty, which is payable on a sale and purchase transaction of any residential property in Hong Kong on or after 27 October 2012, except where the purchaser is a Hong Kong permanent resident who is acquiring the relevant property on his/her own behalf. For details, please refer to the paragraphs headed “Regulatory Overview — Stamp Duty in Hong Kong — Buyer Stamp Duty (“BSD”)” of this [REDACTED]
“CAGR”	compound annual growth rate
“completion”	in respect of a property, the issue of an occupation permit or a certificate of compliance, whichever is later
“DSD”	commonly known as “double stamp duty”, the ad valorem stamp duty charged by the Hong Kong Government on sale or transfer of immovable properties in Hong Kong at higher rates, which has come into effect since February 2013. For details, please refer to the paragraphs headed “Regulatory Overview — Stamp Duty in Hong Kong — Ad valorem stamp duty” of this [REDACTED]
“GFA”	gross floor area. For both residential and commercial properties, GFA of a building is the total GFA extracted from the building plan in respect of such building, which is signed by an authorised person and submitted to the Buildings Authority. The GFA of a building includes the area contained within the external walls of the building measured at each floor level (including any floor below the level of the ground), together with the area of each balcony in the building, which shall be calculated from the overall dimensions of the balcony (including the thickness of the sides thereof), and the thickness of the external walls of the building. Common areas, such as any floor area that is constructed or intended to be used solely for parking motor vehicles, refuse storage chambers and occupied for lift, air-conditioning and machinery, will be excluded from the calculation of the GFA of a building
“Ginza-style commercial building”	standalone vertical complex consists of commercial and office uses. The term “Ginza” originated from Japan and this type of building usually projects a modern and upscale market image

GLOSSARY OF TECHNICAL TERMS

“Godi”	a high-end residential property located on Sha Tin Heights Road, Shatin, New Territories, which was developed by our Group
“Grandeur Terrace”	commercial units in a property located at 88 Tin Shui Road, Yuen Long, New Territories, Hong Kong
“Hang Kwong Street Project”	a residential development located on Sha Tin Town Lot No. 598 Hang Kwong Street, Ma On Shan, Sha Tin, New Territories, which is under development by our Group
“Ma Kam Street Project”	a residential development located on Sha Tin Town Lot No. 599 Ma Kam Street, Ma On Shan, Sha Tin, New Territories, which is under development by our Group
“Meister House”	a high-end residential property located on Fairview Park Boulevard, Yuen Long, New Territories, which was developed by our Group
“occupation permit”	a written permit issued by the Building Authority of Hong Kong pursuant to section 21 of the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) which permits the occupation of a new building for the purposes stated in the permit or the corresponding document issued by the relevant authority in another jurisdiction
“rental yield”	the yield derived by comparing the average rent/rateable value and price/rateable value factors
“Riviera Plaza”	the property comprising the 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, Hong Kong, property no. 13 as set out in Appendix III to this [REDACTED]

GLOSSARY OF TECHNICAL TERMS

- “SFA” or “saleable floor area”
- (i) for residential properties, means the saleable area as defined in the Residential Properties (First-hand Sales) Ordinance (Chapter 621 of the Laws of Hong Kong), the only basis that can be used to quote property size and property price per sq.ft. in sales brochures, price lists and advertisements of first-hand residential properties. SFA of a residential property is defined in the Residential Properties (First-hand Sales) Ordinance (Chapter 621 of the Laws of Hong Kong). The total SFA of a residential building is the aggregate SFA of all residential units in such building. The SFA of a residential unit is measured from the exterior of the enclosing walls of such residential unit, which includes the area of any internal partitions and columns within such residential unit and excludes the area of any common part outside the enclosing walls of such residential unit. For the purpose of the Residential Properties (First-hand Sales) Ordinance, the floor area of a balcony, a utility platform, a verandah will be included in the calculation of the SFA of a residential unit, but the floor area, such as an air-conditioning plant room, a bay window, a cockloft, will be excluded from the calculation of the SFA of such residential unit
 - (ii) for properties other than residential properties, means the leasable floor area. The total SFA of a commercial or industrial property is the aggregate SFA of all units in such building. We calculate the SFA of a commercial or industrial unit by including the floor area from the exterior of the enclosing walls of such unit, which includes the area of any internal partitions and columns within such unit and excludes the area of any common part outside the enclosing walls of such unit
- “sq.ft.”
- square foot or square feet. Where an area in square metres is converted into sq.ft., a conversion ratio of 1 square metre to 10.8 sq.ft. is applied
- “SSD”
- special stamp duty, which is payable on a sale and purchase transaction of any residential property in Hong Kong on or after 20 November 2010 if the relevant property is disposed of (which includes a resale or transfer) by the purchaser within 24 months (if the property was acquired between 20 November 2010 and 26 October 2012) or 36 months (if the property was acquired on or after 27 October 2012) from the date of acquisition. For details, please refer to the paragraphs headed “Regulatory Overview — Stamp Duty in Hong Kong — Special Stamp Duty (“SSD”)” of this [REDACTED]

GLOSSARY OF TECHNICAL TERMS

“Sze Shan Street Project”	a residential and commercial development located at Nos. 13 and 15 Sze Shan Street, Yau Tong, Kowloon, which is held by our Group for future development
“Tai Po Road Project”	a residential development located on Sha Tin Town Lot No. 587 Tai Po Road, Tai Wai, Sha Tin, New Territories, which is under development by our Group
“The Met. Delight”	a residential property located on Camp Street, Cheung Sha Wan, Kowloon, which was developed by our Group
“The Met. Focus”	a residential property located on Pak Kung Street, Hung Hom, Kowloon, which was developed by our Group
“The Met. Sublime”	a residential property located on Kwai Heung Street, Sai Ying Pun, Hong Kong Island, which was developed by our Group
“vacancy”	property which is not physically occupied at the time when the survey is conducted, regardless of whether the property has been sold
“575 Nathan Road Project”	a Ginza-style commercial development located at Nos. 575 and 575A Nathan Road, Kowloon, which is under development by our Group
“726 Nathan Road”	a Ginza-style commercial building located at No. 726 Nathan Road, Mongkok, Kowloon, which was developed by our Group

FORWARD-LOOKING STATEMENTS

This [REDACTED] contains forward-looking statements that state our Company’s belief, expectations, or intentions for the future. The forward-looking statements are contained principally in the sections headed “Summary”, “Risk Factors”, “Industry Overview”, “Business”, “Financial Information” and “Future Plans and Use of Proceeds from the [REDACTED]” in this [REDACTED]. These statements relate to events that involve known and unknown risks, assumptions, uncertainties and other factors, including those listed under the section headed “Risk Factors” in this [REDACTED], which may cause our actual results, performance or achievements to be materially different from performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our operations and business prospects;
- our business strategies and plans to achieve these strategies;
- the regulatory environment of our industry in general;
- our financial conditions and performance;
- the nature of, and potential for, future development of our business; and
- future development in our industry.

The words “aim”, “anticipate”, “believe”, “can”, “could”, “estimate”, “expect”, “intend”, “may”, “might”, “plan”, “project”, “seek”, “will”, “would” and the negative of these terms and other similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of uncertainties and factors, including the risk factors described in the section headed “Risk Factors” in this [REDACTED]. One or more of these risks or uncertainties may materialise.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation nor do we intend to publicly update or otherwise revise the forward-looking statements in this [REDACTED], whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this [REDACTED] might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking statements. All forward-looking statements contained in this [REDACTED] are qualified by reference to the cautionary statements set forth in this section as well as the risks and uncertainties discussed in the section headed “Risk Factors” in this [REDACTED].

RISK FACTORS

Prospective investors should consider carefully all the information set forth in this [REDACTED] and, in particular, should consider the following risks and special considerations in connection with an investment in our Company before making any investment decision in relation to the [REDACTED]. The occurrence of any of the following risks may have a material adverse effect on the business, results of operations, financial conditions and prospects of our Group.

This [REDACTED] contains certain forward-looking statements regarding our plans, objectives, expectations and intentions which involve risks and uncertainties. Our Group's actual results could differ materially from those discussed in this [REDACTED]. Factors that could cause or contribute to such differences include those discussed below as well as those discussed elsewhere in this [REDACTED]. The trading price of the [REDACTED] could decline due to any of these risks, and you may lose all or part of your investment.

We believe that there are certain risks involved in an investment in the Shares. These risks can be broadly categorised into (i) risks relating to our Group and our business; (ii) risks relating to our industry; (iii) risks relating to the [REDACTED] and the performance of our Shares; and (iv) risks relating to statements made in this [REDACTED].

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.

Our business and revenue growth are subject to the economic conditions in Hong Kong. As all of the properties in the portfolios of our property development and property investment business are located in Hong Kong, our business and prospects largely depend on the performance of the property market in Hong Kong.

The property market in Hong Kong is affected by many factors, including:

- changes in the social, political, economic and legal environments in Hong Kong;
- changes in the Hong Kong Government's fiscal and economic policies;
- changes in the economic conditions;
- changes in consumer confidence, consumer spending and customer preferences;
- levels of personal disposable income which may affect consumer confidence in our geographical markets and demand for our properties;
- increases in interest rates. 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. If banks in Hong Kong follow and raise interest rates, cost of financing may become higher thereby negatively affecting the property market

RISK FACTORS

in general. For details, please refer to the paragraph headed “Risks Relating to Our Industry — Our business will be adversely affected if mortgage financing becomes more costly or otherwise less attractive or available” below in this section.

Demand for properties, especially residential properties, in Hong Kong has remained strong in the past few years. Such strong demand is often coupled with volatility in market conditions and fluctuations in property prices. There have been concerns that the Hong Kong property market has been overheated. In response, the Hong Kong Government has formulated policies and implemented relevant measures to slow down the residential property market and inflation of property prices. Such policies and measures may lead to changes in the market conditions and affect the sustainability and growth of the property market in Hong Kong. In fact, the property market in Hong Kong is already showing some signs of downward adjustment with residential property prices and rent level decreasing.

We cannot assure you that the property market in Hong Kong will continue to grow at past levels or will not decline in the future. Any potential decline in the demand for properties or property prices in Hong Kong may have a material adverse impact on our business, financial condition, results of operations and growth prospects.

We may not be able to identify and acquire land bank which is suitable and desirable for our future development.

We have a proven track record in property sales and are primarily involved in the development of residential and commercial properties for sale. As at the Latest Practicable Date, we had four properties under development with an aggregate expected GFA of approximately 489,000 sq.ft. and one property held for future development with an expected GFA of approximately 272,000 sq.ft.. Our business is therefore dependent upon, among other things, our ability to identify and acquire suitable land bank and our ability to generate profit from the sale and lease of properties developed on such land. We need to replenish and increase our land bank at an appropriate pace, and target those land parcels of suitable size and appropriate scope of usage, and in strategic locations, in order to position ourselves for sustainable growth in our business.

It may be difficult to obtain suitable land in Hong Kong at commercially reasonable prices due to the limited supply of land available for development and the increase in the costs of acquiring land in Hong Kong. Competition among property developers in Hong Kong for acquiring land has also intensified in recent years. The Hong Kong Government controls the land supply and regulates various aspects of the process through which land is acquired and developed. Such land supply policies implemented by the Hong Kong Government have a direct impact on our ability to acquire land and our costs of acquisition. These regulatory measures may also further intensify the competition for securing land among property developers.

We cannot assure you that we will be able to successfully acquire any or all of the land for our future development projects. Any failure to acquire land bank suitable for our future development, or any further changes in government policies with regard to land supply and development may have a material adverse impact on our business, financial condition, results of operations and growth prospects.

RISK FACTORS

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 particularly period depends on the mix of properties available for sale.

We derive our revenue primarily from the sale of properties. For the years ended 31 March 2013, 2014, 2015 and the six months ended 30 September 2015, approximately HK\$469.2 million, HK\$1,359.3 million, HK\$1,208.6 million and HK\$518.3 million was generated from the sale of properties, representing approximately 92.0%, 97.8%, 98.4% and 96.9% of our total revenue, respectively. Our results of operations may fluctuate due to factors such as the schedule of our property development and the timing of property sales. Further, 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.

For properties developed by us, we generally recognise revenue from the sale of a property upon completion of the construction and delivery of the property to the purchaser. Due to capital requirements for land acquisition and construction, limited supply of land reserves and the time required for completing a development project, we can undertake only a limited number of property development projects at a time. In addition, since the timing of the delivery of our properties varies according to our construction and/or sales timetable, our revenue and results of operations may vary significantly from period to period depending on the number of properties delivered during a specific period. Accordingly, our results of operations for any given period may not be indicative of the actual demand of our properties or sales achieved during such period. Our revenue and profit during any given period generally reflect properties purchased by our customers at a time in the past before delivery of the properties. Accordingly, our results of operations are not necessarily indicative of results that may be expected for any future period and may lead to fluctuations in the price of our Shares. According to the current development progress of the Ma Kam Street Project, the Hang Kwong Street Project and the Tai Po Road Project, we expect that the pre-sale of the three projects will be held in the fourth quarter of 2016, first quarter of 2017 and fourth quarter of 2017, respectively. As none of our properties under development is expected to be ready for completion until the fourth quarter of 2017, it is expected that our results of operations for the year ending 31 March 2017 may decrease significantly.

Fluctuations in our operating results may also be caused by other factors, such as changes in market demand for our properties. In addition, the cyclical property market affects the optimal timing for the acquisition of land, the planning of development and the sale of properties. As our results of operations relating to property development activities may be susceptible to significant fluctuations, our period-to-period comparisons of results of operations and cash flow positions should not be taken as meaningful measures of our financial performance for any specific period. Further, our property development projects may be delayed or adversely affected by a combination of factors beyond our control, which may in turn adversely affect our revenue recognition and consequently our cash flow and results of operations.

RISK FACTORS

We recorded a non-recurring fair value gain of approximately HK\$107.7 million for the year ended 31 March 2015 attributable to reclassification of a property held for sale into an investment property. However, our investment properties may incur negative fair value change in the future, which may adversely affect our profitability.

We recorded a non-recurring fair value gain of approximately HK\$107.7 million for the year ended 31 March 2015 as a result of the transfer of a property, namely the shop on the ground floor of one of our property development projects, 726 Nathan Road, from the classification of property held for sale to investment property. For details, please refer to the paragraph headed “Financial Information — Description of Certain Key Items of the Combined Statements of Profit or Loss and Other Comprehensive Income — Fair value gain upon transfer of a property held for sale to an investment property” in this [REDACTED].

The fair value of our investment properties is subject to change. For the years ended 31 March 2013 and 2015 and the six months ended 30 September 2015, we recorded a fair value gain of approximately HK\$68.3 million, HK\$47.6 million and HK\$39.2 million, respectively. However, we recorded a fair value loss of approximately HK\$25.3 million for the year ended 31 March 2014. Our profitability may be adversely affected by negative fair value change of our investment properties in the future.

We may be unable to obtain, or may suffer material delays in obtaining, the relevant government approvals or be unable to take possession of the land parcels for our property development projects.

The property industry in Hong Kong is regulated by the government. In general, property developers are required to obtain the relevant certificates and other approvals at various stages of the property development process. The grant of such certificates and other approvals is dependent on meeting certain conditions set by the relevant government authorities, which are often subject to their discretion and to changes in new laws, regulations and policies, especially those with respect to the property industry.

We may experience:

- problems or delays in obtaining the necessary government approvals, fulfilling the conditions required for obtaining the relevant approvals or taking possession of the land parcels for our property development projects;
- problems or delays in fulfilling the obligations under the government leases in the future including the time for commencement and completion of development; and
- difficulties in adapting to and complying with any new laws, regulations or policies that may come into effect from time to time with respect to the property industry in general or the particular processes with respect to the granting of the relevant approvals.

If we are unable to obtain the relevant approvals or to fulfil the conditions of those approvals or take possession of the land parcels for our property development projects, such projects may not be able to proceed on schedule or at all and our business, results of operations and financial condition may be adversely affected.

RISK FACTORS

We rely on external construction companies for the construction-related works of our property development projects and these construction companies may fail to provide satisfactory services which adhere to our quality and safety standards and in a timely manner, or at all.

We rely on external construction companies for the construction-related works of all of our property development projects. Such works include structural engineering, internal decoration, landscaping, and electrical and mechanical engineering. We generally select those construction companies through our streamlined selection process and evaluate them based on factors including, among other things, their competence, market reputation and our prior relationship with them, if any. Completion of our projects is subject to the satisfactory performance of the contractual obligations by these construction companies, including their adherence to our quality and safety standards and the pre-agreed schedule for completion. Although we strictly monitor the progress and quality of the construction companies, any such construction companies may fail to provide satisfactory services, which adhere to our quality and safety standards or within the timeline required by us. If the performance of any construction company proves unsatisfactory, or if any of them is in breach of its contractual obligations, we may need to replace such construction company or take other remedial actions which may incur additional costs and affect the progress of construction of our projects and in turn adversely affecting our reputation, financial position and business operations.

Our results of operations may be adversely affected by labour shortages and/or the increase in the costs of labour.

As a result of economic growth and the prosperity of infrastructure development in Hong Kong, competition for construction workers is intense in recent years, which caused the wages for construction workers to increase as well. According to the DTZ Market Report, the costs of labour have increased significantly during the period between 2009 and 2015, largely due to a general labour shortage in the construction sector caused by several ongoing major infrastructure projects in Hong Kong such as Central Reclamation, Hong Kong Zhuhai Macau Bridge, Kowloon West High Speed Rail project, etc. In addition, with the overall improvement of living standards in Hong Kong, we expect that the costs of labour will continue to increase in the foreseeable future. Increase in the costs of labour may prompt our contractors to increase their fee quotes for our new property development projects in the future. Besides, if our contractors fail to retain their existing labour or recruit sufficient labour in a timely manner, or at all, we may not be able to complete our development projects on schedule and may thus suffer losses and damages which may in turn adversely affect our business, financial condition and results of operations.

Increase in the costs of construction materials and the use of substandard construction materials by our contractors may have an adverse impact on us.

We rely on external construction companies to procure the construction materials, for example concrete, cement, steel, etc. We cannot assure you that the costs of construction materials will remain stable in the future. Any increase in the costs of construction materials may prompt the construction companies to increase their fee quotes for our new property development projects in the future. Further, there is no guarantee that the quality of construction materials supplied to our Group will always meet the standards we required, and we may have to replace those construction materials at additional costs or suffer delays in our development schedules. The occurrence of any of the aforesaid may adversely affect our reputation, business, financial condition and results of operations.

RISK FACTORS

We may not be able to complete or deliver our property development projects on time, on budget, or at all.

The schedule and costs of our development projects depend on a number of factors, including:

- our ability to finance the construction;
- the performance and efficiency of our third party constructors;
- changes in market conditions, economic downturns and decreases in business and consumer sentiment in general;
- delays in obtaining the necessary licences, permits or approvals from the government;
- changes in the timing of or results of property pre-sales;
- changes in relevant regulations and government policies;
- relocation of existing residents and/or demolition of existing buildings;
- shortages of materials, equipment, contractors and labour;
- labour disputes;
- construction accidents;
- natural catastrophes and adverse weather conditions;
- structural issues, whether natural or man-made, in the foundation of our properties or in the areas surrounding our properties;
- the involvement of non-government organisations or other parties opposing a property development project for environmental or other reasons; and
- other unforeseen problems and circumstances.

Construction delays or failure to complete the construction of a project according to our planned specifications, schedule or budget as a result of the above factors may affect our results of operations and financial position and may also adversely affect our reputation and customers' satisfaction. We cannot assure you that we will not experience any significant delays in the completion or delivery of our development projects, or that we will not be subject to any liabilities to our customers, tenants or relevant governmental authorities for any such delays. Liabilities arising from any delays in the completion or delivery of our development projects may adversely affect our business, financial condition, results of operations and growth prospects.

RISK FACTORS

We may not have adequate capital resources to fund our land acquisitions and future property developments.

Property development is capital intensive. Our property development projects are generally funded through a combination of pre-sale and sale proceeds, borrowings from banks and other income derived from sale of our properties for investment. We expect to continue to fund our projects through these sources. Nevertheless, we cannot assure you that such funds will always be sufficient or that any additional financing can be obtained on commercially reasonable terms, or at all.

Our ability to obtain adequate financing for land acquisition and property development is dependent on a number of factors which are beyond our control, such as general economic conditions, our financial performance, availability of credit from banks and monetary policies in Hong Kong. We cannot assure you that our existing major lenders will not change their lending policies, increase our funding costs, or adopt a more cautious credit stance as a result of the overall economic climate, or any other factors that may limit our ability to obtain credit on favourable terms and affect our options for obtaining liquidity. If we cannot source sufficient funds, or any additional financing cannot be obtained on commercially reasonable terms, our business, results of operations, financial conditions and growth prospect will be adversely affected.

Compliance obligations and costs relating to our properties could have an adverse effect on our business.

In Hong Kong, structural alterations of properties are subject to prior approval by the Building Authority. The Building Authority may issue warning notices and/or building orders in relation to certain parts of a property or the common areas of a building if there are alteration works carried out without the required permits or consents. If the subject matter as stated in the warning notice is not rectified within the specified period, the Building Authority may issue a building order which may constitute title defects in respect of the relevant property, unless and until the relevant requirements as set out in the building order have been duly complied with. The works required to comply with warning notices and/or building orders may involve substantial costs to be borne by the owners.

Under Hong Kong law, the existence of these title defects and other title issues do not prevent the relevant properties being sold, purchased, or being suitable for acceptance by banks as security for granting mortgages. Nevertheless, any title defect on the property may have adverse effect on the value of such property. If such property has been contracted for sale with a prospective purchaser, such title defect may entitle the prospective purchaser to refuse completion of the sale and purchase transaction.

We cannot assure you that our properties held for investment or acquired properties held for sale or the common areas of the building in which such properties are situated will not be subject to any warning notice or building order. If any warning notice or building order is issued against our properties and the subject matter cannot be rectified by us and/or other owners of the building in a timely manner, or at all, the sale of our properties may be affected which may in turn have material adverse impact on our business, financial condition and results of operations.

RISK FACTORS

Our indebtedness could have an adverse effect on our financial condition and results of operations.

We maintain a certain level of indebtedness to finance our operations. Our total outstanding bank loans and other loans as at 31 March 2013, 2014, 2015 and 30 September 2015 were, in aggregate, HK\$1,538.6 million, HK\$1,197.1 million, HK\$2,340.2 million and HK\$2,136.5 million, respectively. Our indebtedness could have an adverse effect on us, for example by:

- requiring us to maintain certain financial ratios;
- requiring us to dedicate a significant portion of our cash flow from operations to repayments of our debt, thereby reducing the availability of our cash flow to fund working capital or expand our business;
- increasing our vulnerability to adverse general economic or industry conditions;
- limiting our flexibility in planning for or reacting to changes in our business or the industry in which we operate;
- limiting our ability to raise additional funds or equity capital in the future or increasing the cost of such funding; and
- restricting us from making strategic acquisitions or taking advantage of business opportunities.

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend on our future operating performance, which will be affected by, among other things, prevailing economic conditions, governmental regulations, the demand for properties in Hong Kong and other factors, many of which are beyond our control. We may not be able to generate sufficient cash flow to pay our anticipated operating expenses and to service our debts, in which case we may be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, disposing of our assets, restructuring or refinancing our indebtedness or seeking equity capital. These strategies may not be implemented on satisfactory terms, or at all, and, even when implemented, may result in an adverse effect on our business, financial condition and results of operations.

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.

We require substantial capital investment for our business. We have funded and will continue to fund our business operation principally through (i) proceeds generated from pre-sale and sale of our properties; and (ii) bank borrowings. Our bank borrowings are subject to certain restrictive, customary affirmative and/or negative covenants, details of which are set out in the paragraph headed “Financial Information — Indebtedness Statement — Indebtedness” in this [REDACTED]. We cannot assure you that we will be able to abide by all of the affirmative and restrictive covenants of all of our loan agreements in the future or obtain lenders’ consents or waivers in a timely manner or at all.

RISK FACTORS

Our inability to comply with affirmative covenants or required financial ratios or the violation of any restrictive covenants may constitute an event of default under the terms of our borrowings. In the event of default, our lenders would be entitled to request for early repayment of all or any part of our outstanding indebtedness which in turn will adversely impact our business, financial condition, results of operations and growth prospects.

Our profit and results of operations are subject to changes in interest rates.

We finance our property development projects primarily through proceeds from pre-sales and sales, bank borrowings and other income derived from sale of our properties for investment. We have incurred, and expect to continue to incur, a significant amount of interest expenses relating to our bank loans and other loans. Accordingly, changes in interest rates have affected and will continue to affect our financing costs and, ultimately, our profitability and results of operations. For the years ended 31 March 2013, 2014, 2015 and the six months ended 30 September 2015, the total interest expenses on bank and other borrowings (before capitalisation of interests) were HK\$27.5 million, HK\$40.4 million, HK\$54.1 million and HK\$33.3 million, respectively.

Our borrowings are denominated in Hong Kong dollars. The interest rates on some of our outstanding Hong Kong dollar denominated borrowings are benchmarked to the Hong Kong interbank offered rates for Hong Kong dollars. We cannot assure you that the benchmark interest rate will not increase in the future, which would increase our financing costs and interest expense. Any increase in the interest rates will increase our financing costs and may adversely affect our business, financial condition, results of operations and growth prospects.

We experienced net operating cash outflow for the year ended 31 March 2015.

We had net cash outflow from operating activities of approximately HK\$1,126.2 million for the year ended 31 March 2015. For details of the reasons attributable to the net cash outflow from operating activities, please refer to the sub-section headed "Financial Information — Liquidity and Capital Resources — Cash flows — Cash flows from/(used in) operating activities" in this [REDACTED]. While our Directors believe that we have sufficient funds to finance our current working capital requirements, our operating cash flows may be adversely affected by factors that are beyond our control. We cannot assure you that we will not experience net operating cash outflow in the future. If we are unable to maintain adequate cash inflows, we may default on our payment obligations and may not be able to meet our capital expenditure requirements which may in turn have a material adverse impact on our business, financial position, results of operations and prospects.

We recorded net current liabilities as at 31 March 2014 and we cannot assure you that we will not experience net current liabilities in the future.

Property development is capital intensive and we have relied on a combination of funds generated from our operations and bank loans to finance our property development projects. As at 31 March 2014, we recorded net current liabilities of approximately HK\$532.3 million, which was primarily attributable to our continuous business expansion in 2013 and financing in the acquisition of Riviera Plaza in Tsuen Wan. We cannot assure you that we will not record net current liabilities in the future which may have a material adverse impact on our business, financial condition and results of operations.

RISK FACTORS

We may face significant risks before realising any benefits from property development.

Our principal business involves the development of properties for sale. Property development typically requires substantial capital outlay during the land acquisition and construction phases and may take a number of years before positive cash flows would be generated from a completed property development. Depending on the size of the development, the time span for completing a property development usually lasts for a number of years. Consequently, changes in the business environment during the length of the project may affect the revenue and costs of the development, which in turn may affect the profitability of the project. Factors that may affect the profitability of a project include the risk that the receipt of government approvals may take more time than expected, the failure to complete construction according to original specifications and schedule or budget of the relevant project. The revenue generated by and value of a property development project may be adversely affected by a number of factors, including the international, national, regional and local economic climate, local real estate conditions, competition from other available properties and increased business and operating costs. If any of the property development risks described above materialises, our returns on investments may be lower than originally expected and our business, financial condition, results of operations and prospects may be materially and adversely affected.

The appraised values of our properties may be different from the actual realisable value.

The appraised values of our properties as contained in "Appendix III — Property Valuation" to this [REDACTED] are based on assumptions that include elements of subjectivity and uncertainty and may be subject to substantial fluctuations. Some of the key assumptions include:

- all the consents, approvals and licences from the relevant government authorities for the development scheme have been obtained without onerous conditions or delays;
- the design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant authorities;
- our properties were sold on the market without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the relevant properties; and
- we have the right to sell, mortgage, charge or otherwise dispose of our properties to any person without payment of any additional premium or substantial fee to government authorities.

If any of the assumptions used by the Property Valuer in reaching the appraised values of our properties proves to be inaccurate, the appraised values of our property projects may be materially affected. As a result, the appraised values of our properties may differ materially from the price we could receive in an actual sale of the properties in the market and should not be taken as their actual realisable value or an estimation of their realisable value. For example, the Hong Kong property market is at or near historic peaks and has in the past been highly volatile and suffered significant falls in prices. Unforeseeable changes in the development of property development projects, as well as national and local economic conditions, may affect the value of our properties. In particular, the valuation of our

RISK FACTORS

properties for investment could stagnate or even decrease if the market for comparable properties in the places where we operate experiences a downturn as a result of government austerity measures with respect to the property sector, any deterioration in the macroeconomic environment or for other reasons.

Our profitability and results of operations may be affected by the profitability of our investment properties.

Our investment properties include commercial properties and an industrial property for leasing which are held for long-term investment. For the years ended 31 March 2013, 2014, 2015 and the six months ended 30 September 2015, our rental income amounted to HK\$39.2 million, HK\$26.9 million, HK\$18.1 million and HK\$16.0 million, representing approximately 7.7%, 1.9%, 1.5% and 3.0% of our total revenue, respectively. We are subject to risks associated with the ownership of such properties including, among other things, changes in market rental levels, competition for tenants, costs resulting from on-going maintenance and repair and inability to collect rent from tenants or renew leases with tenants on favourable terms, or at all. If there is a significant downturn in the rental market for commercial and industrial properties in Hong Kong, the demand for our rental properties and the amount of our rental income may be affected, which may in turn cause an adverse impact on our business, financial condition, results of operations and growth prospects.

We may not be able to continue to attract and retain quality tenants for our investment properties.

Our investment properties compete for tenants with other property owners on factors including, among other things, location, rental rates and other lease terms. We cannot assure you that our existing or prospective tenants will not choose any other properties of other property owners. Any future increase in the supply of properties which compete with ours would further increase the competition for tenants and as a result, we may have to reduce rent or incur additional costs to make our properties more attractive. If we are not able to retain our existing tenants or attract new tenants to replace those that leave our vacant properties, our occupancy rates and our rental income may decline, which may in turn adversely affect our business, financial condition and results of operations.

The illiquidity of properties for investment and the lack of alternative uses of such properties may limit our ability to respond to adverse changes in the performance of our property investment business.

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. Property investments are in general relatively illiquid and as a result, our ability to sell our properties for investment promptly in response to the changing economic, financial and investment conditions is limited. We cannot predict whether we will be able to sell any of our properties for investment for the price or on the terms set by us, or whether any price or other terms offered by a potential purchaser would be acceptable to us. We also cannot predict the length of time to be spent to find a purchaser and to complete the sale of a property. Further, we may also need to incur additional expenses in managing and maintaining our properties before selling them. We cannot assure you that financing for such

RISK FACTORS

expenditures will be available when needed, or at all. In addition, if we sell a property for investment during the term of the relevant tenancy agreement, we may have to pay termination fees to our retail tenants.

Besides, properties for investment may not be readily convertible to alternative uses as such conversion requires extensive governmental approvals and involves substantial capital expenditures for the purpose of renovation, reconfiguration and refurbishment. We cannot assure you that we will be able to obtain the necessary approvals and sufficient funds to carry out the required conversion. These factors and any others that would impede our ability to respond to adverse changes in the performance of our properties for investment may adversely affect our business, financial conditions and results of operations.

Our success depends on the continued services of our senior management team and employees.

Our success and growth have been, and will continue to be, largely dependent upon the continuing services of our senior management and other qualified employees. Our executive and non-executive Directors and senior management team is experienced in the property market in Hong Kong. For example, our executive Director, Mr. Wong Yiu Hung Gary, has over 30 years of experience in the property development industry, and our executive Director, Mr. Tang Ho Hong, has about 5 years of experience in property acquisition, project development and management. Mr. Chan Chun Hong, our non-executive Director and chairman of our Board, has joined the Parentco Group since March 1997. He has gained extensive experience in the property market and deep understanding of our operations. Ms. Ching Tak Won, Teresa, the general manager of our sales and marketing department, has more than 11 years of experience in sales and marketing in the property industry in Hong Kong. For more details, please refer to the section headed "Directors and Senior Management" in this [REDACTED].

Competition for experienced and skilled personnel in the property industry is intense. If members of our management team leave the Group and we are unable to find suitable replacements in a timely manner, or at all, our business could be adversely affected. In addition, as we continue to expand our business, we will need to employ more skilled and qualified employees. If we cannot identify, hire, train and retain suitably skilled and qualified employees, our business, financial condition, results of operations and growth prospects may be adversely affected.

We may be involved in legal or other disputes arising out of our operations from time to time and may face significant liabilities as a result.

We may from time to time be involved in disputes with various parties involved in the development and sale of our properties, and leasing and sale of our properties for investment, such as contractors, construction workers, suppliers, purchasers, tenants or other parties. These disputes may lead to protests, legal or other proceedings and may result in damage to our reputation, incurring of substantial costs, and diversion of our resources. In addition, we may have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings or unfavourable decrees that may result in liabilities and cause delays to our property developments. We may also be involved in disputes or legal proceedings in relation to delays in the completion and delivery of our development projects. The occurrence of any of the above may adversely affect our business, financial condition, results of operations and growth prospects.

RISK FACTORS

We may suffer losses arising from uninsured risk.

We maintain insurance in line with the general industry practice. In addition to statutory required insurances, our Group purchases other insurances, where our management considers necessary, to cover the major risks identified by our Group. For further details, please see the sub-section headed “Business — Insurance” in this [REDACTED]. Our insurance may not fully indemnify us for all potential losses, damages or liabilities related to our properties since there are certain exposures which are excluded under some of our insurance programmes or for which insurance is not available on commercially reasonable terms, such as losses suffered due to war, terrorism, pollution, fraud, professional negligence and acts of God. If we suffer any losses, damages or liabilities in the course of our operations arising from non-indemnifiable loss or events for which we do not have any or adequate insurance cover, we may not have sufficient funds to cover any such non-indemnifiable losses, damages or liabilities or to replace any property that has been destroyed which may in turn adversely affect our business, financial condition and results of operations.

RISKS RELATING TO OUR INDUSTRY

We face increasing competition with other property developers in Hong Kong.

There are a large number of property developers in Hong Kong. Competition among property developers in Hong Kong is intense and we expect the level of competition will increase in the foreseeable future, especially as new market players enter into the market and existing market players expand, merge, restructure and become more established. This may result in, among other things, an increase in the costs of land acquisition, a slowdown in the rate at which the relevant government authorities approve new property developments, an increase in construction costs and competition for high quality contractors and qualified employees. If we cannot respond to these changes more swiftly or effectively than our competitors do, our business, financial condition and results of operations will be adversely affected.

Our Group competes with other property developers in bidding for development sites at government auctions and in public and private tenders as well as in private sale of prospective development properties. We also compete with our competitors in the subsequent selling or leasing of the properties across a range of other factors, including location, transportation, infrastructure, government tax and other incentives, design, quality of premises, accommodations and amenities, brand recognition, maintenance and supporting services, sales prices, rental rates and other terms. There is no assurance that we can:

- retain our current and potential tenants or purchasers and have no difficulty in selling, renewing leases on or re-letting properties;
- maintain our sales prices or rental rates at the most desirable level; and
- make our properties more attractive and stand out from those of our competitors.

If we are unable to compete effectively and consistently, we may not be able to sell or lease our properties on favourable terms, or at all. Our occupancy rates may decline and we may not be able to recover our property development costs which in turn may have a material adverse impact on our business, financial condition, results of operations and growth prospect.

RISK FACTORS

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.

Our business is subject to government policies and regulations, and in particular, we are susceptible to changes in policies related to the Hong Kong property industry. Since 2011, the Hong Kong Government has 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;
- residential 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, the Hong Kong Government has indicated in the 2015 Hong Kong Government Policy Address 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 sales. In the 2016 Hong Kong Government Policy Address, the Hong Kong Government forecasted that about 76,700 PRH units and about 20,400 subsidised sale flats will be produced in the next five years. The Hong Kong Government also intends to continue to maintain the development of the private property market through steady and sustained land supply and implementation of certain management measures. These policies, regulations and plans create a lot of uncertainty and could materially and adversely affect the Hong Kong property market, the supply of available land or the occupancy rates of our investment properties. If the Hong Kong Government adopts additional and more stringent policies or regulations related to the property industry in the future, our business, financial condition, results of operations and growth prospects may be adversely affected.

Our business will be adversely affected if mortgage financing becomes more costly or otherwise less attractive or available.

Most purchasers of our properties rely on mortgages to fund their purchases. A number of factors which are beyond our control may affect the market for and the availability of mortgages in Hong Kong.

Interest rates in Hong Kong have been relatively stable in the past few years. However, 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. Banks in Hong Kong may follow and raise interest rates in the future, and thus the cost of mortgage financing may be significantly increased which in turn may affect the affordability of purchasers in buying

RISK FACTORS

properties. Further, the Hong Kong Government and commercial banks may also increase the down payment requirements, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing less available or less attractive to potential property purchasers. If the cost of mortgage financing increases and/or the availability or attractiveness of mortgage financing is reduced or limited, many of our potential purchasers may not be able to purchase our properties and, as a result, our business, financial condition and results of operations may be adversely affected.

The property development business is subject to claims under statutory quality warranties and other claims from purchasers of our properties.

In general, property development companies must provide certain quality warranties for the properties they construct or sell. We may receive requests from purchasers of our properties to rectify minor defects of our completed property development projects and we cannot assure you that we will not receive claims from purchasers of our properties of this nature in the future. Although we receive quality warranties from our third party contractors with respect to our property development projects, if a significant number of claims are brought against us under our warranties and if we are unable to obtain reimbursement for such claims from third party contractors in a timely manner, or at all, or if the money retained by us to cover our payment obligations under the quality warranties is not sufficient, we could incur significant expenses to resolve such claims or face delays in correcting the related defects, which may adversely affect our business, financial condition, results of operations, reputation and growth prospects.

In addition, we may be subject to other types of claims from purchasers of our properties from time to time during our ordinary course of business, such as claims in relation to the delay in delivery of property title documents due to various reasons. We cannot assure you that we will not face any significant claims from purchasers of our properties in the future, which may result in significant expenses to resolve such claims, or if we face delays in remedying the related defects, harm our reputation and affect our business, financial condition, results of operations and growth prospects.

Any inability to comply with our environmental responsibilities may subject us to liabilities.

We are subject to increasingly stringent environmental protection laws and regulations and there is a risk of shutdown by governmental authorities of any construction sites not in compliance with governmental orders requiring the cessation or cure of certain activities causing environmental damage. In addition, there is a growing awareness of environmental issues and we may sometimes be expected to meet a standard which is higher than the requirement under the prevailing environmental laws and regulations. The environmental protection measures we have adopted, including conducting environmental assessments on our property construction projects and hiring construction contractors who have good environmental protection and safety track records and requiring them to comply with the relevant laws and regulations on environmental protection and safety, may be ineffective. In addition, there is no assurance that more stringent environmental protection requirements will not be imposed in the future. If we are unable to comply with existing or future environmental laws and regulations or are unable to meet public expectations in relation to environmental matters, our reputation may be damaged or we may be required to pay penalties or fines or take remedial actions and our operations may be suspended, any of which may adversely affect our business, financial condition, results of operations and growth prospects.

RISK FACTORS

RISKS RELATING TO THE [REDACTED] AND THE PERFORMANCE OF OUR SHARES

There is no existing public market for our Shares and their liquidity and market price may fluctuate.

Prior to the [REDACTED] and the Spin-off, there has been no public market for our Shares. The [REDACTED] may not serve as an indicator of the price of the Shares traded on the Stock Exchange in the future. There is no assurance that an active trading market of the Shares will develop upon the [REDACTED] or if it does develop, that it may be sustained for any period of time after the [REDACTED]. Upon the [REDACTED], the transaction volume and market price of the Shares may be affected by various factors, including:

- the general market conditions;
- variations in our income, profitability and cash flow;
- announcement of new services and/or investment plans;
- change of senior management personnel; and
- strategic alliance and/or acquisitions.

All such factors may result in significant fluctuations in the market price and/or transaction volume of the Shares. There is no assurance that such changes will not occur.

Future financing may cause a dilution in your shareholding or place restrictions on our operations.

We may need to raise additional funds in the future to finance further expansion of our business. If additional funds are raised by means of issuing new equity securities in the future to new and/or existing Shareholders after the [REDACTED], such new Shares may be priced at a discount to the then prevailing market price. Inevitably, existing Shareholders if not being offered with an opportunity to participate, their shareholding interest in our Company will be diluted. Also, if we fail to utilise the additional funds to generate the expected earnings, this could adversely affect our financial results and in turn exerts pressure on the market price of the Shares. Even if additional funds are raised by means of debt financing, we may have restrictions imposed on us through such debt financing arrangements which may (i) further limit our ability to pay dividends or require us to seek consents for the payment of dividends; (ii) increase our vulnerability to general adverse economic and industry conditions; and (iii) limit our flexibility in planning for, or reacting to, changes in our business.

New business strategies formulated in the future could disrupt our Company's ongoing business and present risks not originally contemplated.

We may in the future formulate new business strategies. Such endeavours may involve mergers and acquisitions which involve significant risks and uncertainties, including distraction of management from current operations, insufficient revenue to offset the liabilities assumed and expenses associated with the strategies, inadequate return of capital and unidentified issues not discovered in our due diligence. There is no assurance that such strategies and initiatives will be implemented successfully and will not adversely affect our financial conditions and operating results.

RISK FACTORS

There can be no assurance that we will be able to declare or distribute any dividend in the future.

For the years ended 31 March 2013, 2014, 2015 and the six months ended 30 September 2015, our Group declared dividends of approximately HK\$244.0 million, HK\$253.7 million, HK\$477.9 million and HK\$170.0 million, respectively. However, our Group’s historical dividend distribution should not be used as a reference or basis to determine the level of dividends that may be declared and paid by our Group in the future. Distributions of dividends would require the recommendations of our Board and approval of our Shareholders. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including our results of operations, cash flow, financial condition, operating and capital expenditure requirements, distributable profits, requirements of our constitutional documents, and any applicable laws and regulations, market conditions, our strategic plans and prospects for business development and any other factors as may be determined by our Board from time to time. As a result, there is no assurance as to whether, when and in what form we will pay dividends in the future.

Future sale of the Shares or major divestment of the Shares by the Controlling Shareholders or substantial shareholders of our Company could adversely affect the Share price.

The sale of a significant number of Shares in the public market after the [REDACTED], or the perception that such sale may occur, could adversely affect the market price of the Shares. Except as otherwise described in the section headed “[REDACTED]” in this [REDACTED] and the restrictions set out by the Listing Rules, there are no restrictions imposed on our Controlling Shareholders or substantial shareholders of our Company to dispose of their shareholdings. Any major disposal of Shares by any of our Controlling Shareholders or substantial shareholders of our Company may cause the market price of the Shares to fall. In addition, these disposals may make it more difficult for our Group to issue new Shares in the future at a time and price our Directors deem appropriate, thereby limiting our Group’s ability to raise capital.

RISKS RELATING TO STATEMENTS MADE IN THIS [REDACTED]

No undue reliance should be placed by prospective investors on industry and market overview and statistics derived from official government publications contained in this [REDACTED].

Certain statistics, facts, data and forecasts presented in the section headed “Industry Overview” and elsewhere in this [REDACTED] including those relating to Hong Kong, the Hong Kong economy and the property market industry have been derived, in part, from various publications and industry-related sources prepared by governmental officials or Independent Third Parties. Such statistics, facts, data and forecasts have not been independently verified by our Group, our Directors, the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], nor any of the parties involved in the [REDACTED] and no representation is given as to their accuracy and completeness, as such these information should not be unduly relied upon.

Forward-looking statements contained in this [REDACTED] are subject to risks and uncertainties.

This [REDACTED] contains certain statements and information that are “forward-looking” and uses forward-looking terminology such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “may”, “should” or “will” or similar terms. Those statements include, among other things, the discussion of our growth strategy and expectations concerning our future operations, liquidity and

RISK FACTORS

capital resources. Investors of the Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that, although we believe the assumptions on which the forward-looking statements based are reasonable, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our control. In light of these and other uncertainties, the inclusion of forward-looking statements in this [REDACTED] should not be regarded as representations that our plans or objectives will be achieved and investors should not place undue reliance on such forward-looking statements. We do not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise. Please refer to the section headed “Forward-looking Statements” in this [REDACTED] for further details.

Investors should read this entire [REDACTED] carefully and we strongly caution you not to place any reliance on any information (if any) contained in press articles or other media regarding us and the [REDACTED] including, in particular, any financial projections, valuations or other forward looking statement.

Prior to the publication of this [REDACTED], there may be press or other media, which contains certain information referring to us and the [REDACTED] that is not set out in this [REDACTED]. We wish to emphasise to potential investors that neither we nor any of the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], the directors, officers, employees, advisers, agents or representatives of any of them, or any other parties (collectively, the “Professional Parties”) involved in the [REDACTED] have/has authorised the disclosure of such information in any press or media, and neither the press reports, any future press reports nor any repetition, elaboration or derivative work were prepared by, sourced from, or authorised by us or any of the Professional Parties. Neither we nor any Professional Parties accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is not contained in this [REDACTED] or is inconsistent or conflicts with the information contained in this [REDACTED], we disclaim any responsibility and liability whatsoever in connection therewith or resulting therefrom. Accordingly, prospective investors should not rely on any such information in making your decision as to whether to subscribe for the [REDACTED]. You should rely only on the information contained in this [REDACTED] and the [REDACTED].

INFORMATION ABOUT THIS [REDACTED] AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS [REDACTED] AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS [REDACTED] AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS [REDACTED] AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS [REDACTED] AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Residential Address	Nationality
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Executive Directors

Mr. WONG Yiu Hung Gary (黃耀雄)	Flat E, 55/F. Block 2, Liberte 833 Lai Chi Kok Road Cheung Sha Wan Kowloon Hong Kong	Chinese
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Mr. TANG Ho Hong (鄧灝康)	Winners Lodge 13 Ma Yeung Path Shatin New Territories Hong Kong	Chinese
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Non-executive Director

Mr. CHAN Chun Hong (陳振康)	Flat F, 5/F., Block 3 Whampoa Garden Site 4 Hung Hom Kowloon Hong Kong	Chinese
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Independent non-executive Directors

Mr. LI Wing Sum Steven (李永森)	Flat C, 16/F. Delite Court 23 On King Street Pictorial Garden Shatin New Territories Hong Kong	British
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Mr. SUNG Tze Wah (宋梓華)	Flat A, 29/F. Block 2 Hillville Terrace 28 Tin Kwong Road Kowloon Hong Kong	Singaporean
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Sr. Dr. LEUNG Tony Ka Tung (梁家棟)	Flat 6, 7/F., Block B Coral Court 51 Cloud View Road Hong Kong	Canadian
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For further information on the profile and background of the Directors, please refer to the section headed "Directors and Senior Management" in this [REDACTED].

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors (in alphabetical order)

CLC International Limited

A corporation licensed under the SFO and permitted to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

13/F, Nan Fung Tower
88 Connaught Road Central
Central
Hong Kong

Kingston Corporate Finance Limited

A corporation licensed under the SFO and permitted to carry out type 6 (advising on corporate finance) regulated activity under the SFO

Suite 2801, 28th Floor
One International Finance Centre
1 Harbour View Street
Central
Hong Kong

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Legal advisers to our Company

As to Hong Kong law (other than property, intellectual property and litigation matters):

Reed Smith Richards Butler

Solicitors, Hong Kong
20/F, Alexandra House
18 Chater Road
Central
Hong Kong

As to Hong Kong law (in relation to titles to properties and other property matters):

Mayer Brown JSM

Solicitors, Hong Kong
16–19/F, Prince's Building
10 Chater Road
Central
Hong Kong

As to Hong Kong law (in relation to titles to properties and other property matters and applications for registration of two trade marks in Hong Kong filed in the name of Wang On Corporate):

Gallant Y.T. Ho & Co.

Solicitors, Hong Kong
5/F, Jardine House
1 Connaught Place
Central
Hong Kong

As to Hong Kong law (in relation to certain litigation proceedings against our Group in Hong Kong):

DLA Piper Hong Kong

Solicitors, Hong Kong
17/F, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to Bermuda law:

Conyers Dill & Pearman

Bermuda attorneys-at-law
29th Floor, One Exchange Square
8 Connaught Place
Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

**Legal advisers to the Joint Sponsors
and the [REDACTED]**

As to Hong Kong law:
ONC Lawyers
Solicitors, Hong Kong
19th Floor, Three Exchange Square
8 Connaught Place
Central
Hong Kong

Auditors and reporting accountants

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

Industry consultant

DTZ Debenham Tie Leung Limited
16th Floor
1063 King's Road
Quarry Bay
Hong Kong

Property Valuer

Asset Appraisal Limited
Room 901, 9/F
On Hong Commercial Building
145 Hennessy Road
Wanchai
Hong Kong

Authorised person

Mr. Ng Kin Siu
6/F., The Sun's Group Centre
200 Gloucester Road
Wan Chai
Hong Kong

Compliance adviser

Kingston Corporate Finance Limited
*A corporation licensed under the SFO and permitted to
carry out type 6 (advising on corporate finance)
regulated activity under the SFO*
Suite 2801, 28th Floor
One International Finance Centre
1 Harbour View Street
Central
Hong Kong

[REDACTED]

CORPORATE INFORMATION

Registered office	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Headquarters and principal place of business in Hong Kong	5B, Wai Yuen Tong Medicine Building 9 Wang Kwong Road Kowloon Bay Kowloon Hong Kong
Website address	www.woproperties.com <i>(the information contained in this website does not form part of this [REDACTED])</i>
Company secretary	WONG Chin Han (<i>Member of AICPA</i>) 5B, Wai Yuen Tong Medicine Building 9 Wang Kwong Road Kowloon Bay Kowloon Hong Kong
Authorised representatives	CHAN Chun Hong Flat F, 5/F., Block 3 Whampoa Garden Site 4 Hung Hom Kowloon Hong Kong WONG Yiu Hung Gary Flat E, 55/F., Block 2 Liberte, 833 Lai Chi Kok Road Cheung Sha Wan Kowloon Hong Kong
Audit committee	LI Wing Sum Steven (<i>Chairman</i>) SUNG Tze Wah LEUNG Tony Ka Tung
Remuneration committee	LEUNG Tony Ka Tung (<i>Chairman</i>) LI Wing Sum Steven SUNG Tze Wah CHAN Chun Hong WONG Yiu Hung Gary

CORPORATE INFORMATION

Nomination committee	CHAN Chun Hong (<i>Chairman</i>) LI Wing Sum Steven SUNG Tze Wah LEUNG Tony Ka Tung TANG Ho Hong
Executive committee	WONG Yiu Hung Gary (<i>Chairman</i>) TANG Ho Hong
Hong Kong Branch Share Registrar	[REDACTED]
Bermuda principal share registrar and transfer office	[REDACTED]
Principal bankers (in alphabetical order)	The Bank of East Asia, Limited 10 Des Voeux Road Central Hong Kong China CITIC Bank International Limited Ground Floor The Chinese Bank Building 61–65 Des Voeux Road Central Hong Kong China Everbright Bank Co., Ltd., Hong Kong Branch 30th Floor, Far East Finance Centre 16 Harcourt Road Hong Kong DBS Bank (Hong Kong) Limited 16th Floor, The Center 99 Queen's Road Central Hong Kong Hang Seng Bank Limited 83 Des Voeux Road Central Hong Kong The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong

INDUSTRY OVERVIEW

This section contains information and statistics relating to the economy of Hong Kong and the industry in which we operate. We have extracted and derived the information in the section below, in part, from various official government publications and a commissioned market research report from DTZ, a global real estate adviser and an Independent Third Party. Please refer to the paragraph headed "Sources of Information" below for more details. We believe that such sources are appropriate sources for the information and statistics below, including forward-looking information for future periods as identified, and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information has not been independently verified by us or the Joint Sponsors, any of our or their respective affiliates or advisers, or any party involved in the [REDACTED] and no representation is given as to its correctness, accuracy and completeness. Certain information and statistics included, including those excerpted from official and government publications and sources in Hong Kong, may not be consistent with other information and statistics compiled within or outside Hong Kong by third parties. Our Directors confirm that, after taking reasonable care, there is no adverse change in the market information since the date of the DTZ Market Report, which may qualify, contradict or have an impact on the information as disclosed in this section.

SOURCES OF INFORMATION

In connection with the [REDACTED], we commissioned a market research report from DTZ for use in part of this [REDACTED] to provide information relating to the economy of Hong Kong, the property market in Hong Kong and the property industry in which we operate. DTZ has charged us a total fee of HK\$280,000, for the preparation of the DTZ Market Report, which we believe is in line with the market rate for such report.

DTZ is a global real estate adviser, which offers a range of services including investment agency, leasing agency, property and facilities management, project and building consultancy, investment and asset management, market research and forecasting, and valuation. DTZ has 240 offices in 68 countries.

The DTZ Market Report was prepared based on economic, demographic and property market data from agencies of the Hong Kong Government, including the Rating and Valuation Department, the Lands Registry, the Census and Statistics Department, the Civil Engineering and Development Department and the Hong Kong Monetary Authority, and the proprietary databases of DTZ. In addition, all projections relating to future completions of residential and commercial properties were based on information collected from the Lands Department as well as announcements from property developers; and projections on price and/or rental trends were generated by DTZ's in-house econometric models based on various assumptions on the macroeconomic conditions and future supply volume. DTZ adopted the abovementioned sources of information and considers them as reliable as (i) it is a general market practice to adopt official data and announcements from various government agencies in Hong Kong; (ii) DTZ has been producing property market forecasts based on its in-house econometric models for the past five years.

While preparing the DTZ Market Report, DTZ has made the assumptions set out below:

- all information relating to the property portfolio provided by the Company is true and correct;
- all published data by various departments of the Hong Kong Government is true and correct;

INDUSTRY OVERVIEW

- all collected information relating to residential sales transaction and land transaction records from the Lands Registry are true and correct;
- where information is obtained from renowned public institutions, DTZ relies upon the apparent integrity and expertise of such institutions; and
- no external shock such as financial crisis, natural disasters, new government and industry regulations to affect the demand and supply of the property industry during the forecast period.

OVERVIEW OF THE HONG KONG ECONOMY

Hong Kong is located in the South China Sea near the mouth of the Pearl River Delta. It has a total land area of 1,110 square kilometres and has a total population of approximately 7.3 million as at 30 September 2015. Given Hong Kong’s strategic location, sound legal system, and its role as an important gateway city to China as well as a leading financial and trading centre, Hong Kong has continuously been ranked amongst the world’s ten most competitive cities in an annual competitiveness ranking compiled by the World Economic Forum. In addition, according to the World Investment Report 2015 published by the United Nations Conference on Trade and Development, Hong Kong is the second largest recipient of foreign direct investment in Asia with a total of global foreign direct investment inflows of US\$103.3 billion in 2014.

Our business and growth are directly correlated with the Hong Kong economic conditions. According to the DTZ Market Report, Hong Kong’s economy has been driven by high real GDP growth and has remained relatively stable for the past three years, with an annual average growth of 2.94% between 2011 and 2015*. Hong Kong’s recovery from the global financial crisis that took place in late 2008 was underpinned by a strong demand for residential and commercial spaces since 2011.

The table below sets out the key economic and demographic indicators of Hong Kong for the years/period indicated:

	2010	2011	2012	2013	2014	2015 (Jan-Sep)
GDP (HK\$ Billion)	1,776	1,934	2,037	2,139	2,256	1,756
Real GDP Growth (%)	6.8	4.8	1.7	3.1	2.6	2.5
GDP Per Capita (HK\$)	252,887	273,549	284,720	297,553	311,479	240,223
Consumer Price Index	100.7	106.0	110.3	115.1	120.2	123.6
Per Capita Disposable Income						
(Domestic Households) (HK\$/year)	787,892	842,307	865,012	904,974	952,823	728,298
Per Capita Expenditure						
(Domestic Households) (HK\$/Year)	468,898	518,968	550,427	587,008	616,368	478,473
Per Capita Saving						
(Domestic households) (HK\$/Year)	318,994	323,339	314,585	317,966	336,455	249,825
No. of Household in upper income percentile	119,200	134,700	146,500	170,800	185,600	241,100

Source: Hong Kong Census and Statistics Department

Consumer spending has risen sharply since 2010 and has remained relatively high for the past few years, which was mostly driven by an annual average growth of 10.4% in tourist arrival between 2010 and 2015*. Mainland Chinese tourists are the major contributor to Hong Kong’s overall tourist arrival by volume, and they substantially contributed to the growth in Hong Kong’s retail sector. As a result of the

* Provisional figure for 2015 was adopted

INDUSTRY OVERVIEW

PRC Government's anti-corruption measures, retail sales in Hong Kong have been slowing down since 2014. Such anti-corruption measures have affected the luxury goods retail sales, such as jewellery and watches. However, local purchasing power remained strong, especially reflected in the food and beverage sector, which maintained a positive year-on-year growth of 4.8% as at September 2015.

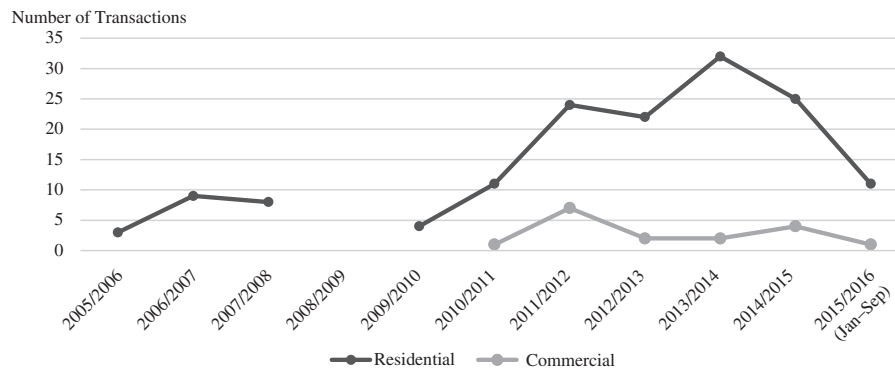
Per capita disposable income for domestic households continued to rise since 2010 and reached approximately HK\$254,005 in the third quarter of 2015, representing a solid year-on-year growth of 4.5%. According to the DTZ Market Report, the strong growth in disposable income has maintained the growing spending power in Hong Kong and underpins the commercial market amidst a potential drop in tourists' contribution to retail sales as shown by the growth in retail sales contributed by domestic households by 0.2% amidst a fall in retail sales by tourists of 2.9% from 2014 to 2015.

OVERVIEW OF THE PROPERTY MARKET IN HONG KONG

Supported by strong economic momentum, low interest rate, structural shortage of supply in land, residential and commercial property markets, property prices and rents in Hong Kong have been rising sharply in the past few years, reflecting a strong underlying demand for properties.

The Hong Kong Government has been aware that limited land supply is one of the main causes of the skyrocketing property prices. As a result of the Hong Kong Government's announcement in late 2010 to aggressively increase the supply of land by way of auctions from 2011, the number of land transactions in residential land has picked up steadily since 2012. In the 2015 Policy Address, the Chief Executive of Hong Kong, Mr. Leung Chun Ying, continued to stress for more efforts to increase land supply for both residential and commercial developments. The charts below illustrate the number of land transactions, the average land transaction value and land transaction by land area from 2005 to 2015, respectively.

Number of Land Transactions



Source: Lands Department

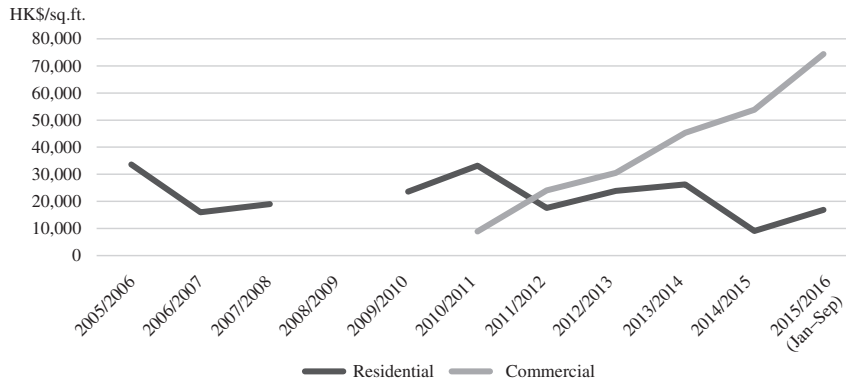
Notes:

1. For year 2005/2006, no commercial land transactions had taken place.
2. For year 2006/2007, the only land transaction with a mix of both residential and commercial was classified by DTZ as a residential transaction as such piece of land was primarily intended for residential use.
3. For year 2007/2008, no commercial land transactions had taken place.

INDUSTRY OVERVIEW

4. For year 2008/2009, no commercial land transactions had taken place. In addition, the only residential land transaction involving a piece of land in Sai Kung was excluded by DTZ as such piece of land was designated for low-density private residential use only and was not intended for residential development.
5. For year 2009/2010, the only land transaction with a mix of both residential and commercial was classified by DTZ as a residential transaction as such piece of land was primarily intended for residential use.

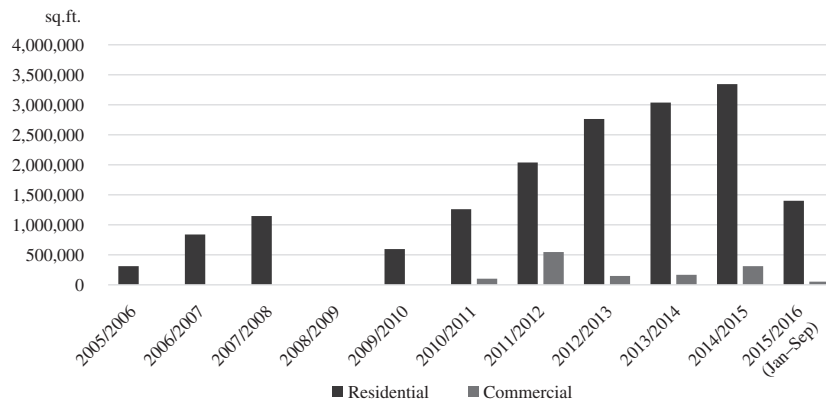
Average Land Transaction Value



Source: Lands Department

Note: Please refer to the notes in relation to the chart illustrating the number of land transactions from 2005 to 2015 on page 70 to page 71 of this [REDACTED].

Land Transactions (by Land Area)



Source: Lands Department

Note: Please refer to the notes in relation to the chart illustrating the number of land transactions from 2005 to 2015 on page 70 to page 71 of this [REDACTED].

In addition to releasing more land, the Hong Kong Government has been regulating the property market to restrict property speculations in the past few years. Regulatory policies, such as the revision in the mortgage insurance programme, implementation of SSD, BSD, and the new ad valorem stamp duty rates (which is commonly known as DSD), are considered to be key actions taken by the Hong Kong Government in the past few years attempting to curb property speculations. However, the rise in property prices and rents in the past few years have not been dampened by such government regulations.

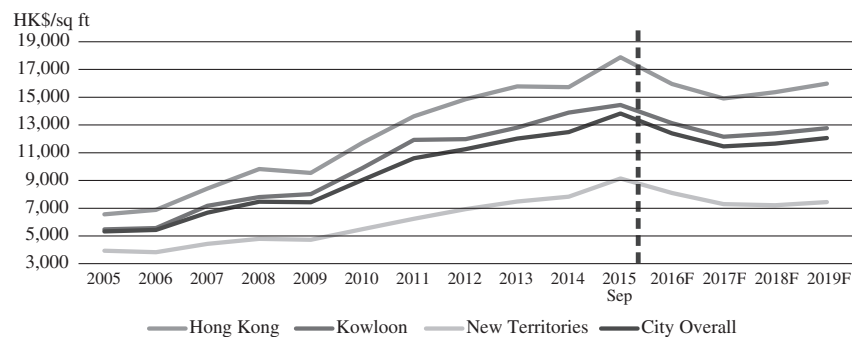
INDUSTRY OVERVIEW

Overview of residential property market in Hong Kong

In the residential property market, the key driver of demand includes low interest rate and strong and growing pent-up demand from local end-users who possess increasing consumption power and are exempted from some of the regulatory measures aimed at cooling the property market. According to the DTZ Market Report, the majority of the local end-users' targets at smaller size units, i.e. less than 431 sq.ft. on a saleable area basis, due to a lower lump sum price.

The demand of local end-users to upgrade from smaller to larger units remains strong, but such demand has been, to some extent, suppressed by rising prices and higher minimum loan to value ratios imposed by the Hong Kong Government. Potential purchasers are adopting a wait-and-see attitude, speculating on further price correction in the overall residential property market. The average selling price doubled during the past decade, with the Hong Kong Island remained as the most expensive area, while the biggest growth in average selling price was achieved in Kowloon, with an accumulated increase of 253.0% in the past decade or an annual average growth of 10.3% from 2005 to 2015. The chart below illustrates the average unit price of residential property sales from 2005 to 2015 and the forecast of average unit price from 2016 to 2019:

Average Unit Price of Residential Property Sales



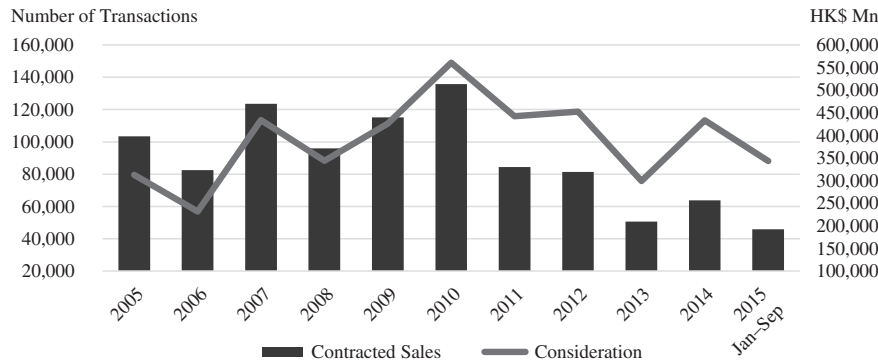
Source: Ratings and Valuations Department and DTZ

As at 30 September 2015, the total private residential property stock in Hong Kong reached 1.1 million units, with an annual average of completed new private residential units of 11,728 units during 2005 and 2015, indicating a very limited new supply. Out of the total stock, the number of units with unit sizes below 431 sq.ft. remained relatively flat over the past decade, with a mild growth of 2.4% from 2005 to September 2015, contributing only approximately 31.2% of the total stock by 30 September 2015. Since 2012, there has been a mild growth in the supply of small units as a response to venting market demand for smaller sized units, but such supply only represents a small fraction, from 14.9% in 2012 to 22.2% in September 2015, of the overall new completions and it is believed that the underlying pent up demand for such units has not yet been adequately met.

INDUSTRY OVERVIEW

The volume of residential property sales by and large followed the pattern of new supply of residential properties over the past five years. The volume and value of sales and purchases in the residential property market dropped in 2013, which is largely attributable to the Hong Kong Government's stringent policies and regulations. The residential property market recovered in 2014 with approximately 64,000 sales and purchases with a total value of approximately HK\$433.0 billion, representing an increase of approximately 26.0% and 45.0%, respectively, from 2013. The chart below illustrates the number and total value of contracted residential property sales (primary and secondary) from 2005 to September 2015:

Number and Total Value of Contracted Residential Property Sales (Primary and Secondary)



Source: Rating and Valuation Department

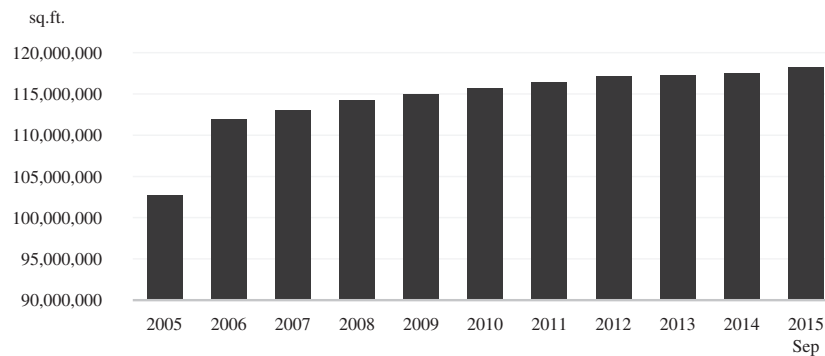
According to the DTZ Market Report, local demand will remain the primary driver of the residential property market over the next five years. The surge in new supply in the coming few years and the recent fluctuation in transaction price may lead to a more cautious market sentiment, which may be evidenced by continuous low level of transactions and price consolidation in 2016. However, the residential property market will mainly be driven by two factors, namely affordability of local residents and economic fundamentals, which are anticipated to remain strong in the coming few years. According to the DTZ Market Report, the primary market demand is expected to pick up and remain strong beyond 2016, benefiting small size residential properties due to smaller total consideration, as well as medium size residential properties which have been strongly demanded by young families who wish to upgrade to larger homes.

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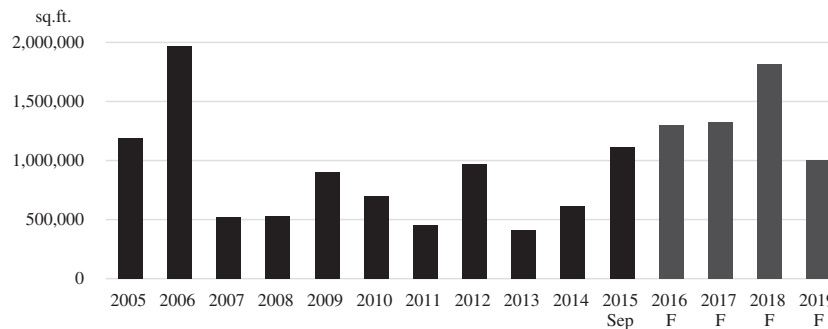
Overview of commercial property market in Hong Kong

Similar to the situation of residential property market, the commercial property market in Hong Kong has been facing limited supply in the past years. As at September 2015, commercial property stock stood at approximately 118.0 million sq.ft., representing a growth of approximately 5.5% from 2005, or a CAGR of approximately 1.3% from 2005. It is estimated that approximately 5.4 million sq.ft. of new commercial space, equivalent to approximately 4.6% of existing total commercial property stock, would be available to the market in the next five years, which will ease some rental pressure on retailers. The charts below illustrate the commercial property stock in Hong Kong from 2005 to September 2015 and the new commercial property completions in terms of area from 2005 to September 2015 and the forecast from 2016 to 2019:

Commercial Property Stock in Hong Kong



New Commercial Property Completion (in Area)



Source: Rating and Valuation Department, Lands Department, DTZ and announcements of property developers

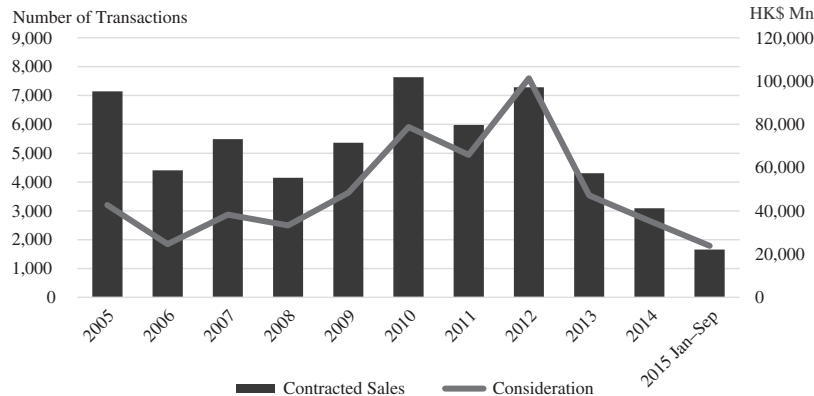
According to the DTZ Market Report, new commercial property supply in the core shopping districts will continue to remain limited, as new commercial spaces are mostly located in several new towns outside the traditional city centres, in order to support the development and growth of the residential and working populations in these new town developments.

In the past few years, the key driver in the commercial property market has been the growing tourism industry, especially the growing numbers of Mainland Chinese tourists since 2010. Known as a shopping paradise, Hong Kong has witnessed twelve years of sales boom, such growth was mainly attributable by the sharp growth in Mainland Chinese tourists and the disposable income in China. Rents and capital values of commercial properties have soared, especially for sites in prime tourist locations

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such as Mongkok, Tsim Sha Tsui and Causeway Bay. Commercial property vacancy remained low, between 7.0% to 8.0%, in the past five years. The chart below illustrates the commercial property demand, in terms of contracted sales, and total consideration:

Commercial Property Demand (Contracted Sales) and Total Consideration



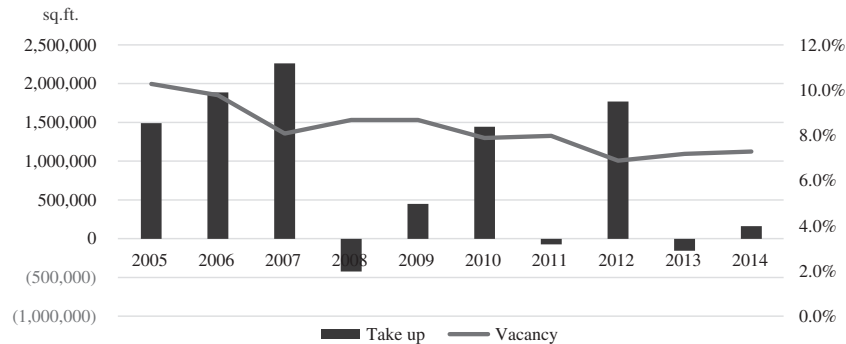
Source: Rating and Valuation Department

As Mainland Chinese tourists have become more sophisticated and prefer other overseas tourist destinations than Hong Kong, coupled with the Occupy Central event that took place in 2014 and several anti-Mainland Chinese tourists incidents in Hong Kong in early 2015, the growth rate in the number of Mainland Chinese tourists visiting Hong Kong has begun to slow down in 2015, maintaining a much more moderate year-on-year growth of 0.3% as of September 2015 (compared with 15.2% as of September 2014). The decrease in Mainland Chinese tourists in 2015 has contributed to the gradual fall in total retail sales volume (approximately 2.7% on a year-on-year basis as of September 2015), which has generally led to a more cautious market sentiment. Some types of retail shops, such as retail outlet largely supported by Mainland Chinese tourists, have witnessed the greatest drop. For example, the sale of jewellery, watches, clocks and valuable gifts decreased by approximately 14.7%, followed by apparel, the sales of which also decreased by approximately 6.6% on a year-on-year basis as of September 2015. In addition to the volume drop, the spending pattern of Mainland Chinese tourists has also changed from luxury markets, such as luxurious fashion, accessories, watches and jewellery, to mid-to-mass market focusing on daily necessities located in both prime and regional shopping destinations. The city has witnessed a number of these tourism-focused retailers moving out of traditional shopping areas, which were subsequently taken up by other less tourism-related retailers.

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The commercial property market, on the other hand, has been supported by local residents whose consumption power is on the rise, especially in regional shopping destinations, as well as ancillary commercial space in major residential areas. Local consumption expenditure grew by 32.9% between 2010 to 2015 and other commercial sectors, such as food and beverage, continue to record year-on-year growth of approximately 7.3% by the end of September 2015, vacancy rate remained at an all-time low level as a result. The following chart illustrates the commercial property demand in the leasing market and the vacancy rate from 2005 to 2014:

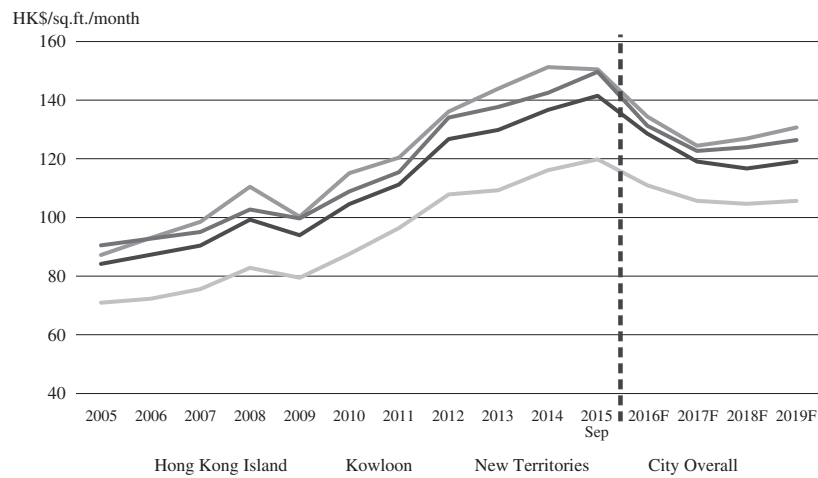
Commercial Property Demand (Leasing Market) and Vacancy



Source: Rating and Valuation Department

In 2015, commercial property rent has dropped which has been largely limited to street shops and prime retail areas. The gradual fall in retail rent is considered as a market correction and has allowed more mid-range brands to tap into prime locations, which will benefit the long-term sustainable development of the overall commercial sector in Hong Kong. The chart below illustrates the commercial property rental from 2005 to the third quarter of 2015, and the forecast from the fourth quarter of 2015 to 2019:

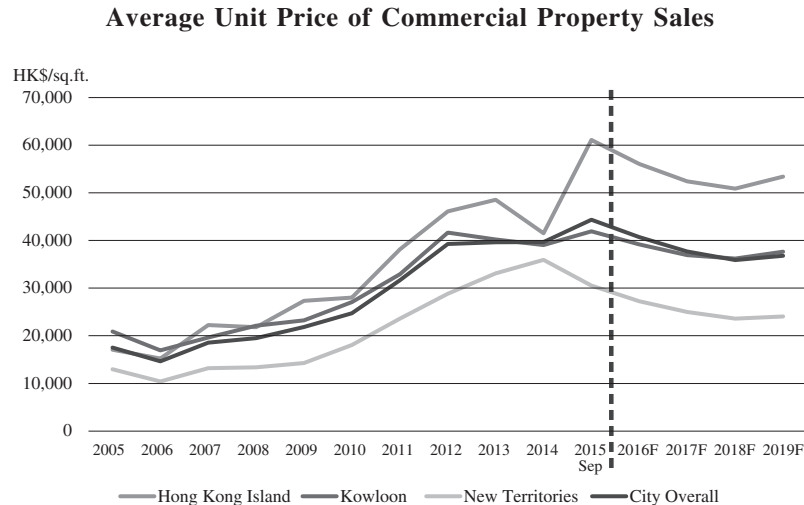
Commercial Property Rental



Source: Rating and Valuation Department and DTZ

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Commercial property rental has experienced a drop in 2015; however, according to the DTZ Market Report, investors' confidence remains positive in the commercial property market, which is illustrated by the continuous growth in retail asset price, especially in the Hong Kong Island and Kowloon, in 2015. The chart below illustrates the average unit price of commercial property sales from 2005 to the third quarter of 2015 and the forecast from the fourth quarter of 2015 to 2019:



Source: Rating and Valuation Department and DTZ

According to the DTZ Market Report, demand for commercial property spaces, both in the city centres and new towns, would remain strong amidst the drop in tourists and retail sales volume, and two key structural changes will occur in the commercial property market in Hong Kong in the coming few years, being (i) local consumption will take over the spending by tourists as a result of strong local consumption and positive economic fundamentals, and (ii) the streetscape will change whereby mid-to-mass market brands will replace luxury brands in traditional shopping areas, which will have an effect on the market dynamics as well as the rental and price levels.

Overview of industrial property market in Hong Kong

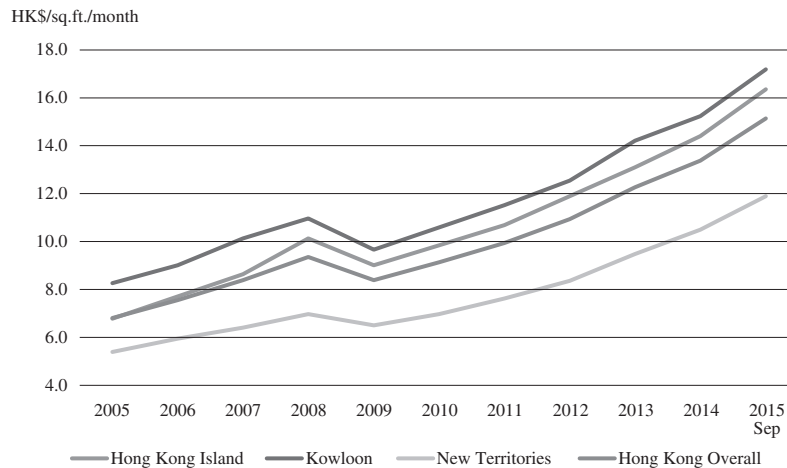
With the relocation of manufacturing activities to the PRC since 1980s, demand for industrial properties in Hong Kong has been primarily reliant on the trading and logistics industries, given the city has been a global shipping centre since 1970s. The lack of diversified demand sources has led to a low level of new supply of industrial properties in the past decade. Between 2005 and September 2015, the average annual completions of industrial property was approximately 405,356.4 sq.ft.

Despite the weaker performance in export activities and a drop in Hong Kong retail consumption, industrial property rents continued to demonstrate growth, driven by limited availability. Monthly rental level of industrial property doubled from HK\$6.8 per sq.ft. in 2005 to HK\$15.1 per sq.ft. in September 2015, representing an average annual growth rate of 7.7%.

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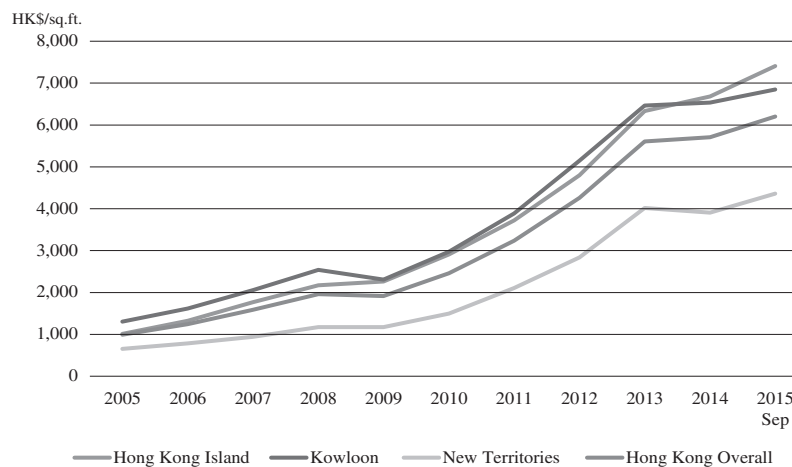
The charts below illustrate the average rent and price of industrial properties from 2005 to September 2015:

Average Rent of Industrial Properties



Source: Rating and Valuation Department

Price of Industrial Properties



Source: Rating and Valuation Department

According to the DTZ Market Report, it is expected that weaker external trade activity may continue into 2016, and together with the increase in new supply of industrial properties in the next few years through the Hong Kong Government's re-development initiatives of wholesale conversion of industrial buildings in Hong Kong which will end in March 2016, both industrial property rental and prices may face a slower growth outlook. As at September 2015, 95 applications had been approved by the Hong Kong Government under such re-development initiatives.

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COMPETITIVE LANDSCAPE

Situation of competition

The property market in Hong Kong has traditionally been dominated by a few large-scale local developers which are listed on the Stock Exchange. However, there has been a growing number of small-to-medium listed companies and private companies which participate in the property market in the past decade. In recent years, developers based in China have also entered into the Hong Kong property market and are active in the Hong Kong property market.

According to the DTZ Market Report, based on the number of residential units pre-sold from January 2011 to September 2015, the market shares of 32 property developers listed on the Stock Exchange are as follows:

Ranking	Property developer	Market share (approximately)
1	Listed Property Developer A	24.1%
2	Listed Property Developer B	22.1%
3	Listed Property Developer C	12.8%
4	Listed Property Developer D	11.3%
5	Listed Property Developer E	10.4%
6	Listed Property Developer F	3.9%
7	Listed Property Developer G	3.5%
8	Listed Property Developer H	2.4%
9	Listed Property Developer I	1.6%
10	Listed Property Developer J	0.9%
11	Listed Property Developer K	0.8%
12	Listed Property Developer L	0.7%
13	Listed Property Developer M	0.7%
14	Listed Property Developer N	0.6%
15	Parentco/Our Company	0.6%
16	Listed Property Developer O	0.5%
17	Listed Property Developer P	0.5%
18	Listed Property Developer Q	0.5%
19	Listed Property Developer R	0.4%
20	Listed Property Developer S	0.3%
21	Listed Property Developer T	0.3%
22	Listed Property Developer U	0.3%
23	Listed Property Developer V	0.2%
24	Listed Property Developer W	0.2%
25	Listed Property Developer X	0.2%
26	Listed Property Developer Y	0.1%
27	Listed Property Developer Z	0.1%
28	Listed Property Developer AA	0.1%
29	Listed Property Developer AB	0.1%
30	Listed Property Developer AC	0.1%
31	Listed Property Developer AD	0.01%
32	Listed Property Developer AE	0.01%

Source: Land Registry, DTZ, respective listed property developers' annual reports

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The top five property developers listed on the Stock Exchange together accounted for approximately 80.7% of the total number of pre-sold residential units from January 2011 to September 2015. Parentco/our Company ranked 15 out of 32 listed property developers in Hong Kong in terms of the number of residential units pre-sold by the Parentco Group/our Group from January 2011 to September 2015, with a market share of approximately 0.6%. Our Directors consider all property developers in Hong Kong are our potential competitors depending on the location, timing and positioning of their property development projects. In particular, our Directors consider that, except for the property developers which are ranked in top five above and represent market share of over 80.0% in terms of the total number of pre-sold residential units from January 2011 to September 2015, all other developers which share the remaining market with us and are generally engaged in residential property development projects in Hong Kong with project scales similar to us, are our main competitors. Our Directors believe that we will be able to compete, to a certain extent, with our competitors given our various competitive strengths as detailed in the section headed “Business — Our Competitive Strengths” of this [REDACTED], despite the property development market is dominated by a few property developers.

Factor of competition

Lands for development are primarily released for private development through land auctions and land tenders. While there is no explicit entry barrier to the property market in Hong Kong, successful bidding for a development site through a land auction or tender would reflect the bidding company’s financial strength, as land cost usually accounts for a high proportion of a project value.

OUTLOOK OF THE HONG KONG PROPERTY MARKET

Opportunities

The Hong Kong property market has maintained a growing trend since 2009, underpinned by strong domestic demands and active investments, despite regulatory measures by the Hong Kong Government. Supported by the healthy growth of Hong Kong economy and the unique character in the global market, the future opportunities will continue to come from both the mass market and investment market.

Challenges

As much of the outlook is built on the healthy growth of the economy, the possibility of sudden change in macro-economic conditions, e.g. another global economic crisis or the announcements of further property market curbs by the Hong Kong Government may threaten the outlook of the property market.

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 operations 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” in this [REDACTED].

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The property market in Hong Kong is recently experiencing a cyclical decline in both volume and value of property sale and lease transaction. In the event that there is any major volatility and fluctuation in the global stock market, the property market may be adversely affected, as investors and potential buyers may be more cautious when making investments in properties.

Increasing market competition is a potential challenge for market players. Competition for development land in future tenders is expected to be fierce as there is an increasing number of new entrants to the market, including PRC developers.

HISTORICAL PRICE TRENDS OF LAND PRICES AND CONSTRUCTION MATERIALS AND LABOUR COSTS IN HONG KONG

Land prices

For details of historical price trends of land, please refer to the sub-section headed “Overview of the Property Market in Hong Kong” above in this section.

Construction materials and labour costs

Costs of construction materials, such as sand, metal lathing, stone chipping and reflective paint, maintained relatively stable in the past few years, while construction labour cost increased significantly by 45.5% from 2009 to 2015*, with an annual average growth of approximately 4.2%. The rise in construction labour cost, largely due to a general labour shortage in the construction section caused by several ongoing major infrastructure projects such as (i) the Central Reclamation; (ii) the Hong Kong Zhuhai Macau Bridge; and (iii) Kowloon West High Speed Rail Project, has primarily led to an increase in remuneration of construction labour, translating to an overall increase in construction cost in the past few years. The chart below illustrates the construction cost index from 2005 to September 2015:



Source: Civil Engineering and Development Department

Note: According to the Civil Engineering and Development Department, Cost Index = 0.6* (Material Index) + 0.4* (Labour Index)

Construction of the abovementioned infrastructure projects is expected to continue over the next few years and with other new property developments coming along, the situation of labour shortage in the construction industry will likely intensify over the next few years. This will continue to drive up the overall construction cost in Hong Kong. On the other hand, the fluctuation of material cost, which is subjected to the seasonal adjustment from upstream suppliers, has been relatively small over the past years and it is expected that the influence of this factor in the overall construction cost will be relatively insignificant.

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REGULATORY OVERVIEW OF THE HONG KONG PROPERTY INDUSTRY

The following is a brief summary of the laws and regulations that currently materially affect our Group in our operations in the property industry in Hong Kong.

(a) The Land System in Hong Kong

The freehold of all land in Hong Kong (except St. John's Cathedral located in Central, Hong Kong) is owned by the Hong Kong Government. In general, the Hong Kong Government grants land on a leasehold system. Leases granted to private parties are commonly in the form of:

- (i) "government leases" which typically contain certain standard restrictions and carry a nominal annual rent, or
- (ii) "conditions of grant" which usually contain more restrictions and an annual rent linked to rateable value of the land and under which the lessee will, subject to compliance with the conditions, be entitled to a lease of the land.

The lessee of the government lease or conditions of grant is generally referred to as the owner of the leased property in the Hong Kong property market.

There are various covenants in the conditions of grant and in the government leases, including land use and development restrictions. If a lessee wishes to modify the land use restrictions or remove or modify development restrictions in a government lease or conditions of grant, the lessee must make an application to the Director of Lands, and a premium may be required to be paid for this.

(b) Land Auction Process

Government land in Hong Kong is normally disposed of by way of public auction or tender under which the Hong Kong Government sells the land to the highest bidder or tenderer for a premium.

The Hong Kong Government includes sites that it expects will be available for sale in the Land Sale Programme. According to the information made available to the public by the Lands Department of the Hong Kong Government, land sales under the 2014–2015 Land Sale Programme and the 2015–2016 Land Sale Programme (up to March 2016) are conducted through tenders.

(c) Terms of Government Lease

The terms of government leases vary. In the past, government leases had been granted for fixed terms of 75 years, 99 years, 150 years or 999 years with or without right of renewal. At present, leases or conditions of grants are usually granted for a term of 50 years. In the New Territories, under the New Territories Leases (Extension) Ordinance (Chapter 150 of the Laws of Hong Kong), with the exception of short term tenancies and leases for special purposes, the terms of government leases have been automatically extended to 30 June 2047, without payment of any additional premium. However, the lessees are required under the Government Rent (Assessment and Collection) Ordinance (Chapter 515 of the Laws of Hong Kong) to pay to the Hong Kong Government from the date of extension an annual rent of an amount equal to 3% of the rateable value of the land from time to time.

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Since 1 July 1997, the Basic Law of Hong Kong (the “**Basic Law**”) came into effect. Article 8 of the Basic Law provides that all laws previously in force in Hong Kong prior to 1 July 1997 (including the rules of equity, ordinances, subordinate legislation and customary law) shall be maintained, except for any that contravene the Basic Law, and subject to any amendment(s) by the legislature of Hong Kong. It is further provided under Article 120 of the Basic Law that all leases granted, decided upon or renewed before the establishment of the HKSAR which extend beyond 30 June 1997, and all rights in relation to such leases, shall continue to be recognised and protected under the laws of Hong Kong. In respect of leases of land without a right of renewal which expire after the establishment of the HKSAR, Article 123 of the Basic Law provides that such leases shall be dealt with in accordance with the laws and policies formulated by the Hong Kong Government on its own.

(d) **Multi-storey Buildings and Deeds of Mutual Covenant**

Multi-storey buildings are common in Hong Kong. The Hong Kong Government does not issue a separate government lease for each unit in a multi-storey building. Generally, a document known as a “deed of mutual covenant” notionally divides the building and land granted under the government lease or conditions of grant into a number of equal undivided shares. The land and building are held by the co-owners as tenants in common in the proportions of these undivided shares held by the various owners within the building. The owners of units in a multi-storey building own collectively both the land (by way of leasehold) and the building on it.

Deeds of mutual covenant generally contain co-owners’ agreements as to the manner of regulating their co-ownership of the land and the building and the effective management and maintenance of the land and the building. Some deeds of mutual covenant may also provide for management shares to be allocated to each unit for the purpose of calculating a co-owner’s contribution to management expenses. Under a deed of mutual covenant, each co-owner is allocated a number of undivided shares in the building and land together with the right to the exclusive use, enjoyment and occupation of the co-owner’s unit(s) to the exclusion of other co-owners. The deed of mutual covenant also gives each co-owner certain rights and obligations in relation to the use, maintenance and repair of the common parts and facilities of the building(s), to which each co-owner is bound to contribute a proportionate share of the associated costs and expenses in accordance with the undivided shares or management shares allocated to the co-owner’s unit(s). A deed of mutual covenant also generally requires a co-owner to pay management fee deposits and to make contributions to the management funds before taking possession of a unit.

A vendor of a new building is required to submit the draft deed of mutual covenant to the Legal Advisory and Conveyancing Office (the “**LACO**”) of the Lands Department for approval if the government grant contains a condition restricting the vendor from assigning, charging or disposing of any interest in the land subject to, among other things, the vendor first obtaining the approval in writing of the Director of Lands to the deed of mutual covenant. For the purpose of providing a system of building management in private developments involving the vendors and purchasers as co-owners and property managers, the LACO has produced a set of guidelines (the “**LACO DMC Guidelines**”) for the approval of deed of mutual covenants on behalf of the Director of Lands where required under conditions of the government grant.

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In the absence of the condition requiring deeds of mutual covenants to be approved by the Director of Lands in the government grant, the solicitor acting for the vendor in the drafting of such deeds of mutual covenants must adhere to the guidelines for drafting deeds of mutual covenants issued by the Law Society of Hong Kong (the "**Law Society's DMC Guidelines**"). A solicitor who wishes to deviate from the Law Society's DMC Guidelines must apply to the Law Society for waivers in the prescribed application form with payment of the prescribed fee.

(e) **Consent Scheme and the Non-Consent Scheme**

The sale and purchase of units in an uncompleted development is governed either by the Consent Scheme or the Non-Consent Scheme.

Consent Scheme

The Lands Department Consent Scheme, as introduced in 1961, is administered by the LACO on behalf of the Director of Lands.

Where the land on which a development is being erected is:

- (i) subject to a restriction on alienation prior to compliance with all the conditions in the land grant governing the land; or
- (ii) subject to an exclusion order issued by the Lands Tribunal under the Landlord and Tenant (Consolidation) Ordinance (Chapter 7 of the Laws of Hong Kong),

if a registered land owner wants to sell any units in the development before it is completed, the sale is governed by the Lands Department Consent Scheme. The registered land owner must apply through its solicitors to the LACO for the consent of the Director of Lands to enter into agreements for sale and purchase of the units.

Before the issue of the consent to enter into agreements for sale and purchase, a number of criteria must be fulfilled. The consent is given at the sole discretion of the Director of Lands and, if given, is subject to various conditions that may be imposed by the Director of Lands which typically include the condition that the form of the agreements for sale and purchase cannot be varied without the written consent of the Director of Lands.

The LACO has issued circular memoranda setting out the criteria to be fulfilled, rules and other information applicable to the Lands Department Consent Scheme in relation to the sale of units in an uncompleted development, uncompleted phase, completed development pending compliance (i.e. no certificate of compliance or consent to assign has been issued by the Director of Lands), or completed phase pending compliance which are governed by the Lands Department Consent Scheme.

Non-Consent Scheme

The Non-Consent Scheme was introduced in 1980 and is regulated by the Law Society of Hong Kong.

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Where a new development does not fall under the Lands Department Consent Scheme, purchasers are protected by the Non-Consent Scheme. For example, the Non-Consent Scheme would apply if the new building is erected on a piece of land held under an existing Government lease which has been acquired by the developer by way of acquiring all units in an old multi-storey building erected on the land.

If the same solicitor is to represent both the developer and the purchasers in the conveyancing transaction, the Non-Consent Scheme imposes professional obligations to be complied by solicitors. In such cases, the requirements include the use of a prescribed form of agreement for sale and purchase which is similar to the form required for the Consent Scheme. The solicitor would also have to undertake to ensure that the purchasers are protected in a way similar to that offered by the Consent Scheme. Failure to comply with the Non-Consent Scheme would result in professional misconduct on the part of the solicitor and liability to the purchasers for compensation.

(f) Compulsory Acquisition of Land

As many old multi-storey buildings in Hong Kong are held under co-ownership as referred to in paragraph (d) above, in order to redevelop an old multi-storey building, a developer needs to acquire all units in the building from each individual co-owner. Prior to 1999, in the event where one minority co-owner of a building refused to sell his unit to the majority owner and developer, the redevelopment of the building could not proceed. To address this situation, the Land (Compulsory Sale for Redevelopment) Ordinance (Chapter 545 of the Laws of Hong Kong) was enacted in 1998 and came into operation in 1999, whereby a person who owns (or persons who together own, other than as mortgages) not less than 90% of the undivided shares in a lot may make an application to the Lands Tribunal for an order for the sale of the whole building for the purpose of redevelopment. The Land (Compulsory Sale for Redevelopment) Ordinance applies to all types of properties and is not limited to residential properties. If an applicant can prove to the satisfaction of the Lands Tribunal that certain specified requirements have been met, the Lands Tribunal may order the whole lot, including all the units owned by the minority owners, to be sold by way of public auction. Under the Land (Compulsory Sale for Redevelopment) Ordinance, an applicant may apply to the Lands Tribunal for an order for compulsory sale for the whole lot if, among other things, the following conditions are satisfied:

- (i) the owner has already acquired not less than 90% of the undivided shares in the lot;
- (ii) redevelopment is justified due to the age or state of repair of the building; and
- (iii) the majority owner has taken reasonable steps to acquire all the undivided shares in the lot (including negotiating for the purchase of the shares owned by a minority owner on terms that are fair and reasonable).

The Land (Compulsory Sale for Redevelopment) (Specification of Lower Percentage) Notice (Chapter 545A of the Laws of Hong Kong), which came into force on 1 April 2010, has lowered the compulsory sale application threshold to 80% to the following three classes of lots:

- (i) a lot with each of the units on the lot representing more than 10% of all the undivided shares in the lot. In such a case, the building must have less than ten units;

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- (ii) a lot where the building is more than 50 years old; or
- (iii) a lot where the building is an industrial building which is more than 30 years old and lies within a non-industrial zone under a draft or approved Outline Zoning Plan prepared under the Town Planning Ordinance (Chapter 131 of the Laws of Hong Kong).

An applicant applying for a compulsory sale order under the above three categories must also satisfy the Lands Tribunal that (a) the redevelopment of the lot is justified due to the age or state of repair of the existing building; and (b) the majority owner has taken reasonable steps to acquire all the undivided shares in the lot.

(g) Town Planning Board and Outline Zoning Plans

The Town Planning Board is a statutory body established under the provisions of the Town Planning Ordinance. One type of statutory plan prepared and published by the Town Planning Board is known as the "outline zoning plan", which shows the land use zones, development parameters and major road systems of an individual planning area. Areas covered by outline zoning plans are generally zoned for specified uses such as residential, commercial, industrial, green belt, open space, government/institution/community uses or other specified purposes. Each outline zoning plan includes as an attachment a "schedule of notes" setting out the uses which are always permitted in a particular zone, and other uses for which prior permission must be sought from the Town Planning Board.

Under section 25 of the Urban Renewal Authority Ordinance (Chapter 563 of the Laws of Hong Kong), the Urban Renewal Authority (the "URA") may submit any plan prepared under subsection (3)(a) of that section to the Town Planning Board for consideration. A plan which the Town Planning Board deems suitable for publication under the Urban Renewal Authority Ordinance is deemed to be a draft plan prepared by the Town Planning Board for the purposes of the Town Planning Ordinance and the provisions of the Town Planning Ordinance shall apply accordingly.

(h) The Buildings Department and the Building Authority

The Buildings Department provides, among other things, services to owners and occupants of both existing and new premises in the private sector through the enforcement of the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) and related legislation. Such services include:

- reducing dangers and nuisances caused by unauthorised building works and advertisement signboards;
- promoting proper repairs and maintenance of old buildings, drainage and slopes;
- considering and approving alteration and addition works;
- processing submissions under the simplified requirements and the household minor works validation scheme of the minor works control system;
- improving fire safety measures in buildings and providing advice on the suitability of premises for the issue of licences for specified commercial uses;

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- scrutinising and approving building plans, carrying out audit checks on construction works and site safety and issuing occupation permits upon completion of new buildings.

Any alterations to the premises, including building as well as demolition of structures, which have been carried out without the requisite permits and consents under the authority of the Buildings Department may be subject to warning notices, and subsequently building orders issued by the Building Authority.

The enforcement policy of the Buildings Department

The Buildings Department issued a revised enforcement policy on the prioritisation of enforcement work of the Buildings Department against unauthorised building works, which came into effect from 1 April 2011. The policy stated, among other things, that in respect of unauthorised structures on rooftops, flat roofs as well as those in yards and lanes of buildings, irrespective of their level of risk to public safety or whether they are newly constructed, the Buildings Department will no longer issue warning notices, and will issue building orders instead.

Under section 40 (1BA) of the Buildings Ordinance, any person who, without reasonable excuse, fails to comply with building orders issued under section 24(1) of the Buildings Ordinance is liable on conviction to a fine of HK\$200,000 and to imprisonment for one year, as well as a further fine of HK\$20,000 for each day during which failure to comply with the said order has continued.

Under section 40 (1B) of the Buildings Ordinance, any person who, without reasonable excuse, fails to comply with building orders issued under sections 26(1) or 28(3) of the Buildings Ordinance is liable on conviction to a fine of HK\$50,000 and to imprisonment for one year, as well as a further fine of HK\$5,000 for each day during which failure to comply with the said order has continued. Any prosecution under the Buildings Ordinance may be commenced within 12 months of non-compliance with the relevant building order or within 12 months of such non-compliance being discovered by or coming into notice of the Building Authority. In addition, if an order to remove unauthorised building works is not complied with, the Building Authority may direct the work to be carried out by a government contractor and bill the owner of the property as at the date of completion of the work for all costs incurred, plus a supervision charge.

Mandatory Building Inspection Scheme and Mandatory Window Inspection Scheme

The Mandatory Building Inspection Scheme and the Mandatory Window Inspection Scheme were both implemented in June 2012 with the enactment of relevant amendments to the Buildings Ordinance through the Buildings (Amendment) Ordinance 2011 in June 2011 and the subsidiary legislation including the Building (Inspection and Repair) Regulation (Chapter 123P of the Laws of Hong Kong) in December 2011. The legislation empowers the Building Authority to issue statutory notices to owners as necessary and persons served with any such notices are legally required to carry out prescribed inspections and repairs of their buildings and windows. Failure to comply with such notices may attract penalties. The Buildings Department may also arrange for the required inspection and repair works to be carried out by its consultant and contractor, and then recover the cost of inspection and repair works as well as the supervision charge from the co-owners/owners' incorporation of a building, together with a surcharge of not exceeding 20% of the cost.

REGULATORY OVERVIEW

(i) Occupation Permit

An occupation permit is a document issued by the Buildings Department under the provisions of the Buildings Ordinance without which a new building may not be occupied. An occupation permit stipulates the permitted use of each part of the new building as at the time of issue, and may be issued in respect of the whole or part of a new building. If any material change is intended to be made to the use of any premises which would contravene the permitted use specified in the occupation permit, one month's notice must be given to the Building Authority ("BA") of the intended change and the BA may prohibit such change of use where, in its opinion, the building is not suitable by reason of its construction for the intended use. The occupation permit is important to a purchaser of a unit in a building as it confirms that the statutory requirements of the Buildings Ordinance have been complied with, and will also show the permitted use of the building. In the normal course of conveyancing practice, the occupation permit must be produced by a vendor to prove title in a property transaction.

(j) Government Rates in Hong Kong

Government rates in Hong Kong is a form of indirect tax levied on properties by the Hong Kong Government. The revenue collected from government rates forms part of the Hong Kong Government's general revenue. Government rates are charged at a percentage of the rateable value of a property. Rateable value is an estimated annual rental value of a property at a designated valuation reference date, assuming that the property was then vacant and to let from year to year, on the basis that the tenant undertakes to pay all usual tenant's rates and taxes, whilst the landlord undertakes to pay the Hong Kong Government rent, the costs of repairs and insurance and any other expenses necessary to maintain the tenement to a state to command that rent.

Rateable values are subject to annual review by the Rating and Valuation Department of the Hong Kong Government in order to reflect more precisely changes in market rental values of properties. In general, properties in all parts of Hong Kong are liable to be assessed to rates under the Rating Ordinance (Chapter 116 of the Laws of Hong Kong). Both the owner and the occupier are liable for rates. In practice, payment of government rates is dependent upon the terms of the agreement between the owner and occupier of the premises. In the absence of any agreement to the contrary, liability for rates rests with the occupier.

For the current financial year of 2015–2016, the percentage charge for government rates is 5%. The designated valuation reference date for 2015–2016 revaluation is 1 October 2014 and the rateable values take effect from 1 April 2015.

(k) Stamp Duty in Hong Kong

The Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) imposes duty, payable within a specified time frame, on certain types of transaction documents which include the following:

- (i) Conveyance on sale;
- (ii) Agreement for sale of property;
- (iii) Lease of immovable property.

REGULATORY OVERVIEW

The parties and all other persons executing the above types of transaction documents are liable for stamp duty.

If a chargeable document is not duly stamped, any person who uses such document is also liable for the stamp duty and any penalty. Non-payment of penalties under the Stamp Duty Ordinance will attract civil liability, and any chargeable instrument which is not duly stamped will generally not be admissible in evidence in any proceedings except criminal proceedings and civil proceedings by the Collector of Stamp Revenue to recover stamp duty or any penalty payable under the Stamp Duty Ordinance, or be available for any other purpose.

The time limit for stamping is two to 30 days depending on the type of the instrument. A penalty of up to ten times the amount of stamp duty may be payable for late stamping. However, under some circumstances, the penalty may be remitted upon written request.

Special Stamp Duty ("SSD")

The Stamp Duty (Amendment) Ordinance 2014 (the "**1st Amendment Ordinance**") was published in the gazette on 28 February 2014 and is deemed to have come into operation on 27 October 2012. The 1st Amendment Ordinance aims to amend the Stamp Duty Ordinance to impose a higher rate of SSD and extend the property holding period on certain transactions of residential property acquired on or after 27 October 2012 if those transactions occur within 36 months after the acquisition.

According to the 1st Amendment Ordinance, unless the transaction is exempted from SSD or SSD is not applicable, SSD shall be charged on the purchaser and/or the sub-purchaser on transactions in resale of residential properties if the properties are acquired and resold within 36 months after acquisition.

The adjusted SSD has three different rates for different holding periods for residential properties acquired on or after 27 October 2012:

- (i) 20% if the property has been held for 6 months or less;
- (ii) 15% if the property has been held for more than 6 months but for 12 months or less;
and
- (iii) 10% if the property has been held for more than 12 months but for 36 months or less.

Buyer Stamp Duty ("BSD")

The 1st Amendment Ordinance also imposes BSD on certain agreements for sale and conveyances on sale of residential properties executed on or after 27 October 2012. BSD will be charged at a flat rate of 15% (on top of the ad valorem stamp duty and SSD) on all residential properties acquired by any person or company (regardless of where it is incorporated), except a Hong Kong Permanent Resident ("**HKPR**") unless otherwise specifically exempted or excepted under the 1st Amendment Ordinance.

REGULATORY OVERVIEW

Ad valorem stamp duty

The Stamp Duty (Amendment) (No. 2) Ordinance 2014 (the “**2nd Amendment Ordinance**”) was published in the gazette on 25 July 2014 and is deemed to have come into operation on 23 February 2013. The 2nd Amendment Ordinance aims to further amend the Stamp Duty Ordinance to adjust the ad valorem stamp duty (the “**AVD**”) rates and to advance the charging of AVD on non-residential property transactions from the conveyance on sale to the agreement for sale.

The main details of the 2nd Amendment Ordinance are as follows:

- (i) Any agreement for sale for the acquisition of any residential property or non-residential property acquired on or after 23 February 2013, either by an individual or a company, will be subject to the new rates of AVD unless specifically exempted or excepted under the 2nd Amendment Ordinance.
- (ii) The new standard AVD rates are set out in the table below:

Consideration or value of the property (whichever is the higher)	New AVD rates
Up to HK\$2,000,000	1.50%
Exceeding HK\$2,000,000 but not more than HK\$2,176,470	HK\$30,000 + 20% of the excess over HK\$2,000,000
Exceeding HK\$2,176,470 but not more than HK\$3,000,000	3.00%
Exceeding HK\$3,000,000 but not more than HK\$3,290,330	HK\$90,000 + 20% of the excess over HK\$3,000,000
Exceeding HK\$3,290,330 but not more than HK\$4,000,000	4.50%
Exceeding HK\$4,000,000 but not more than HK\$4,428,580	HK\$180,000 + 20% of the excess over HK\$4,000,000
Exceeding HK\$4,428,580 but not more than HK\$6,000,000	6.00%
Exceeding HK\$6,000,000 but not more than HK\$6,720,000	HK\$360,000 + 20% of the excess over HK\$6,000,000
Exceeding HK\$6,720,000 but not more than HK\$20,000,000	7.50%
Exceeding HK\$20,000,000 but not more than HK\$21,739,130	HK\$1,500,000 + 20% of the excess over HK\$20,000,000
In any other case	8.50%

REGULATORY OVERVIEW

The new standard AVD rates set out above are not applicable and the original standard AVD rates may apply in certain circumstances including, for example, those involving acquisition of residential property by HKPR(s) who is/are acting on his/their own behalf and does not/do not own any other residential property in Hong Kong at the time of acquisition or by a HKPR jointly with close relative(s) (i.e. spouse, parents, children, brothers and sisters) who is/are not HKPR and each of them is acting on his own behalf and does not own any other residential property in Hong Kong at the time of acquisition.

For completeness, the below table sets out the original standard AVD rates:

Consideration or value of the property (whichever is the higher)	Original AVD rates
Up to HK\$2,000,000	HK\$100
Exceeding HK\$2,000,000 but not more than HK\$2,351,760	HK\$100 + 10% of the excess over HK\$2,000,000
Exceeding HK\$2,351,760 but not more than HK\$3,000,000	1.50%
Exceeding HK\$3,000,000 but not more than HK\$3,290,320	HK\$45,000 + 10% of the excess over HK\$3,000,000
Exceeding HK\$3,290,320 but not more than HK\$4,000,000	2.25%
Exceeding HK\$4,000,000 but not more than HK\$4,428,570	HK\$90,000 + 10% of the excess over HK\$4,000,000
Exceeding HK\$4,428,570 but not more than HK\$6,000,000	3.00%
Exceeding HK\$6,000,000 but not more than HK\$6,720,000	HK\$180,000 + 10% of the excess over HK\$6,000,000
Exceeding HK\$6,720,000 but not more than HK\$20,000,000	3.75%
Exceeding HK\$20,000,000 but not more than HK\$21,739,120	HK\$750,000 + 10% of the excess over HK\$20,000,000
In any other case	4.25%

REGULATORY OVERVIEW

(I) The Residential Properties (First-hand Sales) Ordinance

The Residential Properties (First-hand Sales) Ordinance (Chapter 621 of the Laws of Hong Kong) (the “**RPF**SO”) came into effect in April 2013. Generally speaking, RPF^{SO} regulates the sales of uncompleted and completed first-hand residential properties, regardless of whether they are under the Lands Department’s Consent Scheme or not.

The RPF^{SO} sets out the requirements for vendors of first-hand residential properties to comply with in relation to sales brochures, price lists, show flats, disclosure of transaction information, advertisements, sales arrangements, and the mandatory provisions for the Preliminary Agreement for Sale and Purchase and Agreement for Sale and Purchase for the sales of first-hand residential properties. It also provides for prohibitions against misrepresentation and the dissemination of false or misleading information.

Saleable Area

Under the RPF^{SO}, saleable area will be the only basis that can be used to quote property size and property price per square foot/per square metre in the sales brochures, price lists and advertisements of first-hand residential properties.

“Saleable area”, as defined in the RPF^{SO}, means the floor area of the residential property including the floor area of a balcony, a utility platform and a verandah, but excluding the area of an air-conditioning plant room, a bay window, a cockloft, a flat roof, a garden, a parking space, a roof, a stairhood, a terrace and a yard.

Sales Brochures

Vendors must prepare and make available the sales brochure for collection by the public free of charge during a period of at least seven days immediately before the commencement of sale and on every day of sale. In addition, vendors should make available the sales brochure on its own designated website for inspection by the public during the same period of time.

The sales brochure made available to the public should be updated once every three months.

The sales brochure should set out information on any matter that is likely to materially affect the enjoyment of the residential property or the development. The sales brochure must not set out information other than required or authorised by the RPF^{SO}, e.g. pictures or images of an artist’s impression.

Price Lists

Vendors must prepare and make available the price list for collection by the public free of charge during a period of at least three days immediately before the commencement of sale and on every day of sale. In addition, vendors should make available the price list on its own designated website for inspection by the public during the same period of time.

REGULATORY OVERVIEW

Each price list should set out the prices of the minimum number of residential properties as required by the RPFSA in the format prescribed by the Sales of First-hand Residential Properties Authority.

If a vendor has already set out the price of a residential property in a price list and subsequently wishes to make changes to the price of that property, he has to make changes on that relevant price list. Further, the residential property concerned should not be sold earlier than three days after the issue of the revised price list.

Reservation of specific residential property is prohibited before the first date of sale of that particular residential property.

Show Flats for Uncompleted Developments

Vendors are not required to provide show flats. If show flats are provided, however, the show flats should be constructed according to the requirements in the Ordinance.

For any "modified show flat" for a residential property to be provided for viewing by the general public, there must first be an "unmodified show flat" for the same property.

For unmodified show flats, the vendor should not restrict the viewers from taking measurements, photographs and videos of the show flats. For modified show flats, the vendor should not restrict the viewers from taking measurements of the show flats.

Sales brochures must have been made available to the public by the vendors when the show flats are made available for viewing.

Viewing of Property in Completed Developments

Vendors should, before the signing of the preliminary agreement for sale and purchase, arrange the prospective purchaser to view the particular property that he/she wishes to purchase. If it is not reasonably practicable to arrange viewing of that particular property, the vendor should arrange the prospective purchaser to view a comparable property.

Sales Arrangements

Vendors should make available for collection, and on its own designated website for inspection, by the public for a period of at least three days immediately before the commencement of sale the following information on sales arrangements -

- (i) the date, time and the place for the commencement of sales of the residential properties;
- (ii) which residential properties will be offered to be sold on that date; and
- (iii) the method to be used to determine the order of priority among prospective purchasers for the selection of residential properties.

REGULATORY OVERVIEW

Preliminary Agreements and Agreements for Sale and Purchase

If a purchaser decides not to proceed to the signing of the Agreement for Sale and Purchase (the "SPA") within 5 working days after the signing of the Preliminary Agreement for Sale and Purchase (the "PASP"):

- (i) the PASP is terminated;
- (ii) the preliminary deposit, which amounts to 5% of the purchase price, will be forfeited; and
- (iii) the vendor does not have any further claim against the purchaser.

Registers of Transactions

On each day of sale, the vendor must keep a register of transactions of the development or a phase of the development at the sales office and on the vendor's own designated website.

The register of transactions should include key transaction information of the development or a phase of the development such as the dates on which the agreements (including the PASP and the SPA) were signed, the transacted prices, and the dates on which the agreements were terminated (if applicable), the terms of payment and whether a transaction involves a related party to the vendor.

The vendor should disclose in the register of transactions information on a PASP within 24 hours after the PASP is signed, and disclose information on a SPA within 1 working day after the SPA is signed.

Advertisements

If an advertisement is published by the vendor or by another person with the consent of the vendor, the advertisement must state that fact. Advertisements must not contain false or misleading information.

Printed advertisements showing artist's impressions of the development or its surrounding area must carry a statement reminding prospective purchasers to make reference to the sales brochures and to conduct on-site visits.

Misrepresentation and Dissemination of False or Misleading Information

A person who makes a fraudulent misrepresentation or a reckless misrepresentation for the purpose of inducing another person to purchase first-hand residential properties commits an offence under the RPFISO.

A person who disseminates or authorises information that is likely to induce another person to purchase first-hand residential properties and if he knows that, or is reckless as to whether, the information is false or misleading as to a material fact, commits an offence.

Contravention of the requirements set out in the RPFISO may attract criminal liabilities, the maximum penalty of which is up to a fine of HK\$5 million and imprisonment of seven years.

HISTORY, DEVELOPMENT AND REORGANISATION

HISTORY AND BUSINESS DEVELOPMENT

The Parentco Group was founded in March 1987 by Mr. Tang Ching Ho under the name of Wang On Engineering Company, which was operated as a sole proprietorship providing building-related decoration and construction services. WOG was listed on the Main Board in 1995. At the time of its listing, WOG and its subsidiaries were principally engaged in the provision of building-related decoration services, construction services and project management.

Mr. Tang Ching Ho has been the chairman and an executive director of WOG since its listing in 1995. He has been instrumental to the growth of the Parentco Group and has accumulated extensive experience in corporate management, property investment and development during his time with the Parentco Group. Under his leadership, a team of management has been put in place to operate the property business of our Group. Mr. Tang Ching Ho is the father of Mr. Tang Ho Hong, an executive Director.

Property Development

In 2004, the property development business of our Group commenced with the acquisition of a piece of leasehold land at Shatin Heights and plots of vacant land at Yuen Long for development, which was then recognised as one of the principal business segments of the Parentco Group. The first high-end residential property development project of our Group was the Meister House situated in Yuen Long, the New Territories, with a total SFA of approximately 41,000 square feet. Pre-sale of Meister House commenced in 2006 and the development was completed in May 2007. At the end of 2008, our Group launched the pre-sale of its second high-end residential property project in Shatin Heights, the New Territories, namely Godi.

In recent years, our Group has adopted a business strategy putting more emphasis on the development of small-to-medium sized residential units to meet the increasing demand on such properties, and has started to build up its "The Met." brand name and developed a series of boutique residential properties under this brand. In 2011 and 2012, our Group launched the pre-sale of two urban renewal residential property projects located in Hung Hom, namely The Met. Focus, and Sai Ying Pun, namely The Met. Sublime, respectively. Our Group recognised income from the property sale from The Met. Focus project as revenue in the financial year ended 31 March 2014 upon completion for the project in late 2013. Similarly, our Group recorded as revenue its property sale from The Met. Sublime project following completion of the project in late 2014.

In January 2013, our Group launched the pre-sale of its first commercial property project located at Nos. 724–726 Nathan Road, Mongkok. In February 2014, our Group launched the pre-sale of another residential property project located in Cheung Sha Wan, Kowloon, namely The Met. Delight.

As at the Latest Practicable Date, our Group had five residential and/or commercial property development projects in Kowloon and the New Territories with an aggregate expected GFA of approximately 760,000 sq.ft. and which are estimated to complete during the period from 2017 to 2019. Our Group holds the entire interest in three out of these five projects and majority interest in the remaining two projects.

HISTORY, DEVELOPMENT AND REORGANISATION

With a view to continuing the success of our “The Met.” series of property development projects, three of our current projects focus on development of small-to-medium sized residential units. These three projects are all located in the New Territories, two of which are in Ma On Shan and one on Tai Po Road. In order to further diversify the business operations of our Group and provide additional options to our target customers, we also have a development project in Yau Tong which is currently intended to feature medium-to-large sized apartments. With respect to the commercial segment, we also have an upcoming project expecting to complete in 2017 which would feature design of Ginza-style commercial building with restaurant and retail spaces.

Property Investment

Our Group’s property investment segment focuses on commercial properties in the Hong Kong property market and can be traced back to 1997 when we first acquired shops and wet markets at Lung Mun Oasis, Tuen Mun for investment purpose. Since then, we have invested in a number of properties as part of our property investment business for stable recurring rental income and capital appreciation. 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.

Key Milestones in our Business Development

The following table sets out some of the key milestones of our Group’s business development:

Year	Key Milestone
1997	Our Group commenced its property investment business with its acquisition of shops and wet markets at Lung Mun Oasis, Tuen Mun for investment purpose
2004	Our Group first commenced its property development business with its acquisition of a piece of leasehold land at Shatin Heights and plots of vacant land situated at Yuen Long
2006	Commencement of pre-sale of our Group’s first high-end residential development, the Meister House, situated in Yuen Long
2008	Commencement of pre-sale of our Group’s second high-end residential development, Godi, situated in Shatin Heights
2011	Commencement of pre-sale of The Met. Focus, an urban renewal residential property project in Hung Hom
2012	Commencement of pre-sale of The Met. Sublime, an urban renewal residential property project in Sai Ying Pun
2013	Commencement of pre-sale of our Group’s first commercial property project located at 724–726 Nathan Road, Mongkok

HISTORY, DEVELOPMENT AND REORGANISATION

Year	Key Milestone
2014	Commencement of pre-sale of The Met. Delight, a residential property project in Cheung Sha Wan, Kowloon Two non wholly-owned subsidiaries (in which our Group holds 60% equity interests) entered successful bids to acquire two pieces of adjacent government lands with a total expected GFA of approximately 315,000 sq.ft. in aggregate located in Ma On Shan
2015	Our Group entered successful bid to acquire another piece of government land with a total expected GFA of approximately 148,000 sq.ft. on Tai Po Road

CORPORATE HISTORY

Our Company

Our Company was incorporated under the laws of Bermuda as an exempted company with limited liability on 19 November 2015. On the date of incorporation, the authorised share capital of our Company was HK\$100,000 divided into 10,000,000 Shares of HK\$0.01 each and 100,000 Shares were allotted and issued to WOE as its first Shareholder on 2 December 2015. Our Company is principally engaged in investment holding.

Principal Subsidiaries of our Company

In general, our Group’s principal operating subsidiaries are project/property-specific, i.e. we use individual project companies for holding, development and/or sale of project and property investment. Our principal subsidiaries are directly/indirectly held by two investment holding companies, namely East Run and More Action, which are indirect wholly-owned subsidiaries of our Company.

Set out below is a brief summary of certain corporate information in respect of our principal subsidiaries engaged (or previously engaged) in our residential and commercial property development and commercial and industrial property investment businesses during the Track Record Period.

HISTORY, DEVELOPMENT AND REORGANISATION

Principal subsidiaries engaged in property development business

Name	Date of Incorporation	Shareholding percentage attributable to our Group
China Tech	30 March 2009	100%
City Target (<i>Note 1</i>)	18 March 2009	100%
Double Bright	9 January 2009	100%
Double Vantage	20 April 2010	100%
Ever World	12 September 2007	100%
Grandwall	13 May 2011	60% (<i>Note 3</i>)
New Rich	1 November 2007	60% (<i>Note 4</i>)
Rich System	6 July 2010	100%
Top Strong (<i>Note 2</i>)	28 July 2010	100%
Vincent Investments	19 October 2001	100%

Notes:

1. As at the Latest Practicable Date, the property development held by City Target at Nos. 724 & 726 Nathan Road, Kowloon had completed and the principal business activity of the company was to hold two unsold commercial units pending sale.
2. All the interests held by Top Strong in a development project had been transferred to Rich System on 26 September 2011. Top Strong remained dormant throughout the Track Record Period up to the Latest Practicable Date.
3. Grandwall was held as to 40% by Kam Wah Successful Limited as at the Latest Practicable Date. Save for its shareholding in Grandwall, Kam Wah Successful Limited was an Independent Third Party as at the Latest Practicable Date. Grandwall is a 60%-owned subsidiary of our Group principally engaged in holding the investment in our development project at Ma Kam Street, Ma On Shan, New Territories.
4. New Rich was held as to 40% by Kam Wah Sure Win Limited as at the Latest Practicable Date. Save for its shareholding in New Rich, Kam Wah Sure Win Limited was an Independent Third Party as at the Latest Practicable Date. New Rich is a 60%-owned subsidiary of our Group principally engaged in holding the investment in our development project at Hang Kwong Street, Ma On Shan, New Territories.

HISTORY, DEVELOPMENT AND REORGANISATION

Principal subsidiaries engaged in property investment business

Name	Date of Incorporation	Shareholding percentage attributable to our Group
Antic Investment	24 March 2005	100%
Champford	7 March 2005	100%
City Global	18 March 2009	100%
First World	17 January 2008	100%
Fly Star	23 November 2007	100%
Hovan	1 November 2007	100%
Longable	8 September 2004	100%
Million Link	22 November 2013	100%
New Earth	11 January 2011	100%
New Golden	14 May 2007	100%
Oriental Sino	16 January 2009	100%
Shiny World	26 January 2005	100%
Wang To	26 May 1994	100%
Win Regent	30 March 2009	100%

Investment Holding and Other Subsidiaries

Apart from the principal subsidiaries above, we also hold via East Run and More Action: (i) Wang On Services, Wang On Secretarial and Wang On Corporate to provide management, secretarial and corporate services to our Group upon [REDACTED]; (ii) Champion Value holding equipment used in our Group’s ordinary course of business; (iii) Wang On Asset Management to provide management services to our Group’s property development projects; and (iv) certain inactive subsidiaries incorporated in Hong Kong and the BVI.

Further details on the subsidiaries of our Company are set out in “Appendix I — Accountants’ Report” in this [REDACTED].

Major Acquisitions and Disposals

During the Track Record Period and up to the Latest Practicable Date, our Group had completed the following major acquisitions and disposals:

- (a) On 14 June 2012, Champford (as vendor) entered into a provisional sale and purchase agreement with Mega Elegant Limited (as purchaser), an Independent Third Party, to dispose of a property located at G/F., No. 170 Castle Peak Road, Section A of Lot No.3705 in DD120, Yuen Long, New Territories, Hong Kong. The total consideration of the disposal was HK\$82.8 million, and the transaction was completed on 25 October 2012. The total consideration was determined after arm’s length negotiations between the parties with reference to the prevailing market price of similar properties in similar location. We were of the view this disposal would benefit our Group by realising its investment in the property and

HISTORY, DEVELOPMENT AND REORGANISATION

also improve the liquidity and overall financial position of our Group. The total consideration of HK\$82.8 million represents approximately 3.3% of the total assets of our Group as at 31 March 2012.

- (b) On 20 July 2012, Win Regent (as vendor) entered into a provisional sale and purchase agreement with Ku Sing Man (as purchaser), an Independent Third Party, to dispose of a property located at Shop 23, G/F., No. 16 Mei Tin Road and Nos. 15 & 35 Tsuen Nam Road, Grandway Garden, Shatin, New Territories, Hong Kong. The total consideration for the disposal was HK\$50.3 million and the transaction was completed on 30 November 2012. The total consideration was determined after arm's length negotiations between the parties with reference to the prevailing market price of similar properties in similar location. We were of the view that this disposal would benefit our Group by realising its investment in the property and also improve the liquidity and overall financial position of our Group. The total consideration of HK\$50.3 million represents approximately 2.0% of the total assets of our Group as at 31 March 2012.
- (c) On 20 November 2012, Tsuen Wan Properties Limited and Riviera Entertainment Limited, Independent Third Parties, executed an acceptance of offer in favour of World Way which confirmed our Group's success in the acquisition of a shopping mall at Riviera Gardens, Tsuen Wan for a consideration of HK\$508.0 million. Completion of the acquisition took place on 2 July 2013. The consideration was the price of the final bid made by World Way at the tender. Our directors considered the consideration was fair and reasonable having taken into account the prevailing market price of similar properties in similar locations. We were of the view that this acquisition would help enhance and enlarge the property investment portfolio of, and bring additional stable rental income to, our Group. The total consideration of HK\$508.0 million represents approximately 20.3% of the total assets of our Group as at 31 March 2012.
- (d) On 30 November 2013, Hovan (as vendor) entered into a provisional sale and purchase agreement with Success Bid Limited (as purchaser), an Independent Third Party, to dispose of a property located at Front Portion, Ground Floor, Nathan Apartments, No. 510 Nathan Road, Kowloon, Hong Kong. The total consideration was HK\$60.0 million, and the transaction was completed on 8 April 2014. The total consideration was determined after arm's length negotiations between the parties with reference to the prevailing market price of similar properties in similar location. We were of the view that the disposal would benefit our Group by realising its investment in the property and also improve the liquidity and overall financial position of our Group. The total consideration of HK\$60.0 million represents approximately 1.6% of the total assets of our Group as at 31 March 2013.
- (e) On 7 November 2014, Oriental Sino (as purchaser) entered into a preliminary sale and purchase agreement with King Prosper Trading Limited (as vendor), an Independent Third Party, to acquire a property located at 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. The total consideration was HK\$210.0 million, and the transaction was completed on 16 February 2015. The total consideration of HK\$210.0 million was determined after arm's length negotiations between the parties with reference to the prevailing market price of similar properties at similar location and the prevailing rental

HISTORY, DEVELOPMENT AND REORGANISATION

yield. We believed in the long term prospect of commercial properties in Hong Kong and hence considered that this acquisition would strengthen our Group's property portfolio and/or income base. The consideration of HK\$210.0 million represents approximately 5.1% of the total assets of our Group as at 31 March 2014.

- (f) On 12 August 2015, East Run (as vendor) entered into a provisional sale and purchase agreement with Dragon Jet Limited (as purchaser), an Independent Third Party, and WOG (as guarantor) to dispose of Easy Kingdom which holds a property located at Shop No. 4 & 5 on Ground Floor, Mongkok Building, Nos. 93, 95 & 99 Mongkok Road, Nos. 135A & 135B Sai Yee Street, Kowloon, Hong Kong. The total consideration was HK\$158.0 million (subject to adjustment as stipulated in the agreement), and the transaction was completed on 11 November 2015. The total consideration was determined after arm's length negotiations between the parties with reference to the net asset value of Easy Kingdom, after the repayment of the existing mortgage loan owed by Easy Kingdom, and the prevailing market price of similar properties in similar location. We were of the view this disposal would benefit our Group by indirectly realising its investment in the property and also strengthen the liquidity and overall financial position of our Group. The total consideration of HK\$158.0 million represents approximately 2.7% of the total assets of our Group as at 31 March 2015.
- (g) On 13 November 2015, East Run (as vendor) entered into a conditional sale and purchase agreement with Guidepost Investments Limited (as purchaser), a wholly-owned subsidiary of Wai Yuen Tong Medicine Holdings Limited, which was held by the Parentco Group as to approximately 22.08% as at the Latest Practicable Date, to dispose of two wholly-owned subsidiaries, namely Sunbo and Good Excellent, which hold properties located at 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 and all that Shop on Ground Floor, with the Cockloft, 60A Yen Chow Street, Kowloon, respectively. The aggregate consideration for the disposals was HK\$70.0 million (subject to adjustment as stipulated in the agreement), and the transaction was completed on 23 December 2015. The aggregate consideration was determined after arm's length negotiations between the parties with reference to the valuation of such properties and the prevailing market price of similar properties in similar locations. We were of the view this disposal would benefit our Group by realising its investment in the properties and also improve the liquidity and overall financial position of our Group. The aggregate consideration of HK\$70.0 million represents approximately 1.3% of the total assets of our Group as at 30 September 2015.
- (h) On 1 December 2015, East Run (as vendor) entered into a sale and purchase agreement with Super Eagle Limited (as purchaser), an Independent Third Party, and WOG (as guarantor), to dispose of Level Success, which holds properties known as "Riviera Gardens" located at Tsuen Wan, New Territories together with the right to use and occupy a commercial building known as "Riviera Plaza" of Riviera Gardens and all those car parking spaces of Riviera Plaza of Riviera Gardens. The total consideration was HK\$823.0 million (subject to adjustment as stipulated in the agreement), and the transaction was completed on 15 February 2016. The total consideration of HK\$823.0 million was determined after arm's length negotiations between the parties with reference to the net asset value, excluding existing mortgage loan and shareholder loan and prevailing market price of similar properties in similar location. We were of the view that this disposal would benefit our Group by

HISTORY, DEVELOPMENT AND REORGANISATION

indirectly realising its investment in the property and also improve the liquidity and overall financial position of our Group. The total consideration of HK\$823.0 million represents approximately 15.1% of the total assets of our Group as at 30 September 2015.

THE SPIN-OFF

Having considered, among other things, that our residential and commercial property development and commercial and industrial property investment businesses have grown to a sufficient size which warrants a separate [REDACTED] on the Stock Exchange, WOG submitted a spin-off proposal to the Stock Exchange pursuant to Practice Note 15 of the Listing Rules. The Stock Exchange had confirmed that WOG may proceed with the Spin-off as proposed. Our Company will comply with the requirements under Practice Note 15 and the applicable requirements of the Listing Rules regarding the Spin-off as and when necessary.

The board of directors of WOG believed that the Spin-off would be beneficial to both WOG and our Company for the following reasons:

- (i) the Spin-off essentially and substantively separates the residential and commercial property development and commercial and industrial investment businesses from the other businesses of WOG, thereby enabling investors and financiers to appraise the strategies, functional exposure, risks and returns of the respective businesses of WOG and our Company separately and to make their investment decisions accordingly;
- (ii) the Spin-off will provide an opportunity for investors to invest in either one or both of the business models, thereby unlocking the value of the businesses of WOG and our Company which will allow the true market value of each company to be better reflected;
- (iii) as a separate [REDACTED] entity, our Company will have its own separate management structure focusing on the property business while the management of WOG will be able to focus on its retained business;
- (iv) the management teams of WOG and our Company may adopt different business strategies and models which they determine to be better suited to the two different businesses, and which, due to the different nature of such businesses, may not always be aligned;
- (v) the Spin-off will provide a separate fund raising platform for our Company thereby enabling it to raise the capital required to finance its future expansion without reliance on WOG to do so; and will allow both WOG and our Company to target their respective investor base more effectively which in turn improves capital raising on a competitive basis and capital allocation to enhance growth within each company; and
- (vi) WOG intends to maintain not more than [REDACTED]% equity interest in our Company upon completion of the Spin-off. Accordingly, WOG will continue to benefit from any potential upside in the business of property development and investment in Hong Kong through receipt of dividend distributions of our Company.

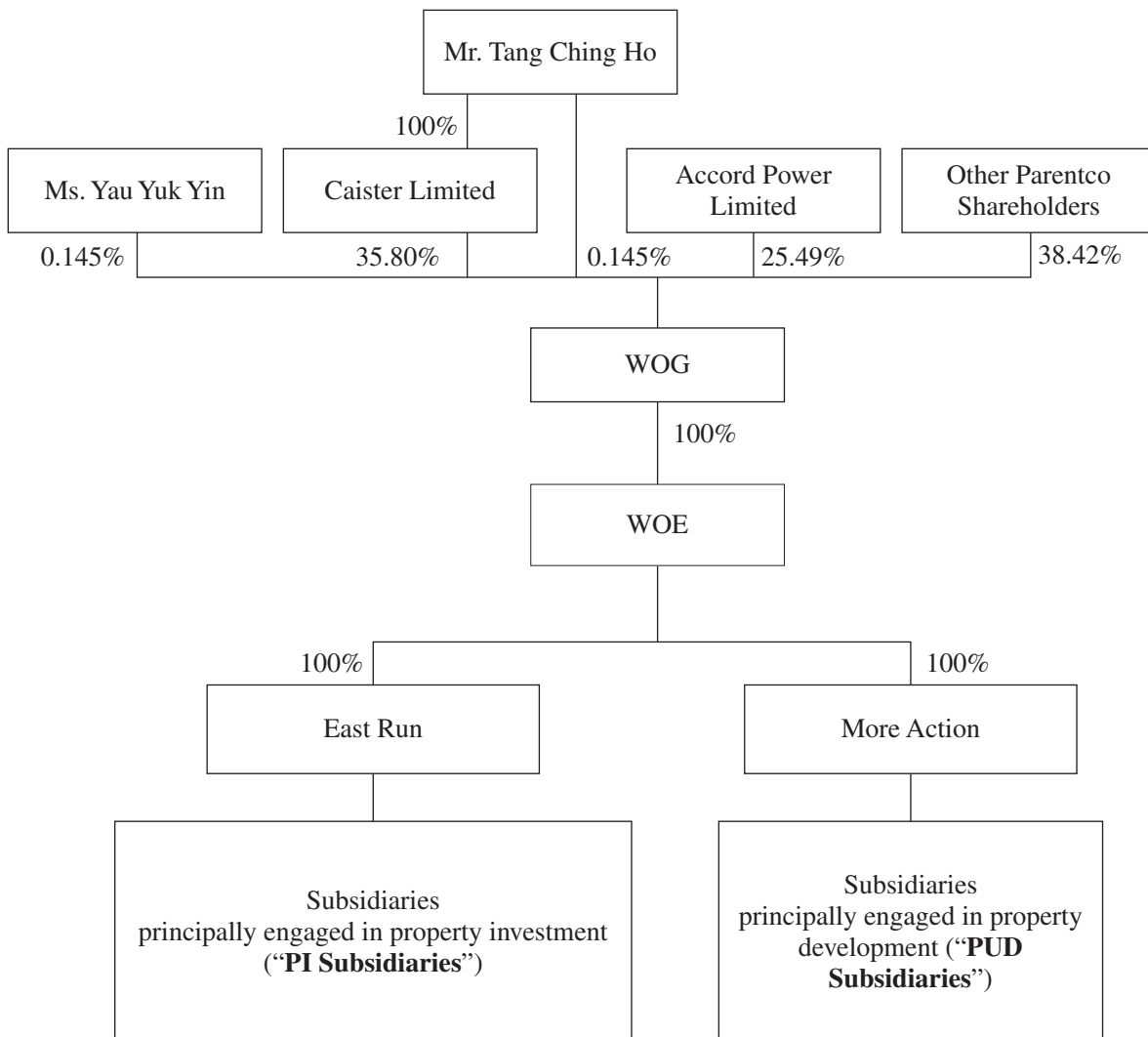
HISTORY, DEVELOPMENT AND REORGANISATION

In accordance with the requirements of Practice Note 15 of the Listing Rules, WOG will give due regard to the interests of its shareholders by providing Qualifying Parentco Shareholders with [REDACTED] to the Shares by way of the [REDACTED]. Details of the [REDACTED] are described in the section headed “Structure and Conditions of the [REDACTED] — The [REDACTED]” in this [REDACTED].

REORGANISATION

Corporate Structure of our Group

The following chart illustrates the simplified corporate structure of our Group immediately prior to the commencement of the Reorganisation on 22 May 2015:



Note 1: Intermediate holding companies incorporated in the BVI, subsidiaries providing management, secretarial and corporate services to our Group and management services to our Group’s property development projects, a subsidiary holding equipment used in our Group’s ordinary course of business and other inactive subsidiaries are not specifically referred to in the above group structure chart.

HISTORY, DEVELOPMENT AND REORGANISATION

Note 2: Two non wholly-owned PUD Subsidiaries, namely Grandwall and New Rich, are respectively owned as to 40% by Kam Wah Successful Limited and Kam Wah Sure Win Limited as at the Latest Practicable Date. Save for their respective shareholding in Grandwall and New Rich, Kam Wah Successful Limited and Kam Wah Sure Win Limited are Independent Third Parties.

Note 3: Ms. Yau Yuk Yin is an executive director of WOG and is the spouse of Mr. Tang Ching Ho. Accord Power Limited is wholly owned by the trustee of the Tang’s family trust (the “**Tang’s Family Trust**”) established on 26 January 2005, under which Mr. Tang Ching Ho is an appointer and Mr. Tang Ching Ho’s family members are the eligible beneficiaries.

Reorganisation

Our Group underwent the Reorganisation in preparation for the [REDACTED] pursuant to which our Company became the holding company of East Run and More Action, which are the direct/indirect holding companies of our Group’s principal subsidiaries. The Reorganisation principally involved the following steps:

Acquisition and disposal of subsidiaries in preparation for the [REDACTED]

In preparation for the [REDACTED], we acquired the entire shareholding in (i) Ace Solar for the purpose of our Group’s property investment business on 22 May 2015; and (ii) Wang On Asset Management which provides management services to our Group’s property development projects on 26 June 2015.

In preparation for the [REDACTED] and in order to streamline the shareholding structure of our Group, we disposed of our entire shareholding in a number of subsidiaries, namely Excellence Star on 30 June 2015, Advance Prime and Source Millennium on 18 November 2015, and Ventix and WEH on 1 December 2015 respectively, which, as at the Latest Practicable Date, were not engaged (directly or via subsidiaries held by it) in any business operations or were otherwise dormant.

On 7 December 2015, East Run transferred to the Remaining Parentco Group the entire issued share capital in Richly Gold, a property holding subsidiary holding a residential property in Shatin, the New Territories, which will be retained by WOG as housing for one of its executive directors. For details, please refer to the section headed “Relationship with Controlling Shareholders” of this [REDACTED].

Incorporation of intermediate holding entities

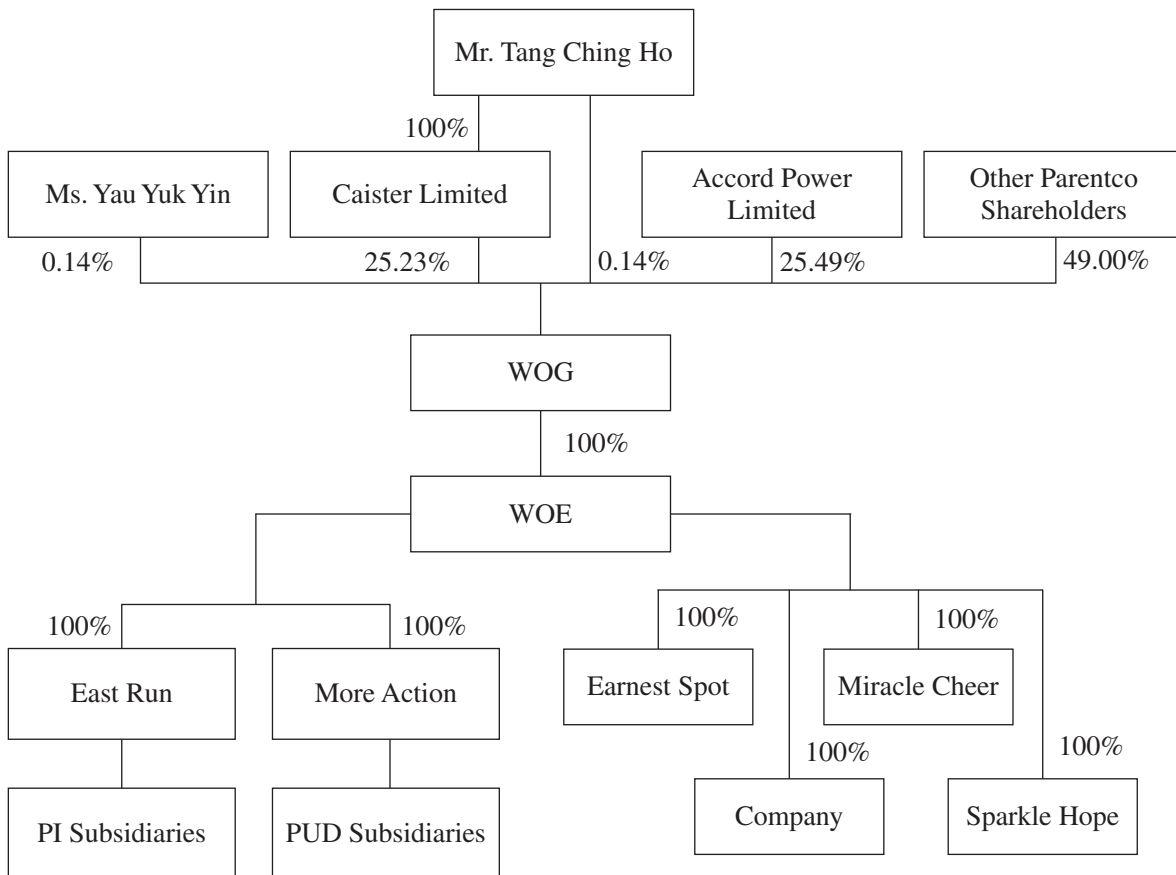
On 18 November 2015, Earnest Spot was incorporated under the laws of the BVI with limited liability. Its initial shareholder was WOE and one ordinary share of US\$1.00 in the issued share capital of Earnest Spot was issued to WOE on 30 November 2015.

On 18 November 2015, Miracle Cheer was incorporated under the laws of the BVI with limited liability. Its initial shareholder was WOE and one ordinary share of US\$1.00 in the issued share capital of Miracle Cheer was issued to WOE on 30 November 2015.

On 18 November 2015, Sparkle Hope was incorporated under the laws of the BVI with limited liability. Its initial shareholder was WOE and one ordinary share of US\$1.00 in the issued share capital of Sparkle Hope was issued to WOE on 30 November 2015.

HISTORY, DEVELOPMENT AND REORGANISATION

The following diagram shows the shareholding and corporate structure of our Group on 2 December 2015 after incorporation of intermediate holding entities and the Company and the respective issues of shares by them to their respective first shareholders:



Note 1: Intermediate holding companies incorporated in the BVI, subsidiaries providing management, secretarial and corporate services to our Group and management services to our Group’s property development projects, subsidiary holding equipment used in our Group’s ordinary course of business and other inactive subsidiaries are not specifically referred to in the above group structure chart.

Note 2: Two non wholly-owned PUD Subsidiaries, namely Grandwall and New Rich, are respectively owned as to 40% by Kam Wah Successful Limited and Kam Wah Sure Win Limited as at the Latest Practicable Date. Save for their respective shareholding in Grandwall and New Rich, Kam Wah Successful Limited and Kam Wah Sure Win Limited were Independent Third Parties as at the Latest Practicable Date.

Note 3: Ms. Yau Yuk Yin is an executive director of WOG and is the spouse of Mr. Tang Ching Ho. Accord Power Limited is wholly owned by the trustee of Tang’s Family Trust, under which Mr. Tang Ching Ho is an appointer and Mr. Tang Ching Ho’s family members are the eligible beneficiaries.

HISTORY, DEVELOPMENT AND REORGANISATION

Restructuring of investment holding entities in preparation of the Spin-off

On 16 March 2016, Miracle Cheer acquired from WOE the entire issued share capital of Sparkle Hope for a consideration of HK\$1.00. Immediately upon completion of the said transfer, our Company acquired from WOE the entire issued share capital of Miracle Cheer for a consideration of HK\$1.00. On the same date and upon our Company’s acquisition of Miracle Cheer, Earnest Spot acquired the entire issued share capital of our Company from WOE for a consideration of HK\$1.00.

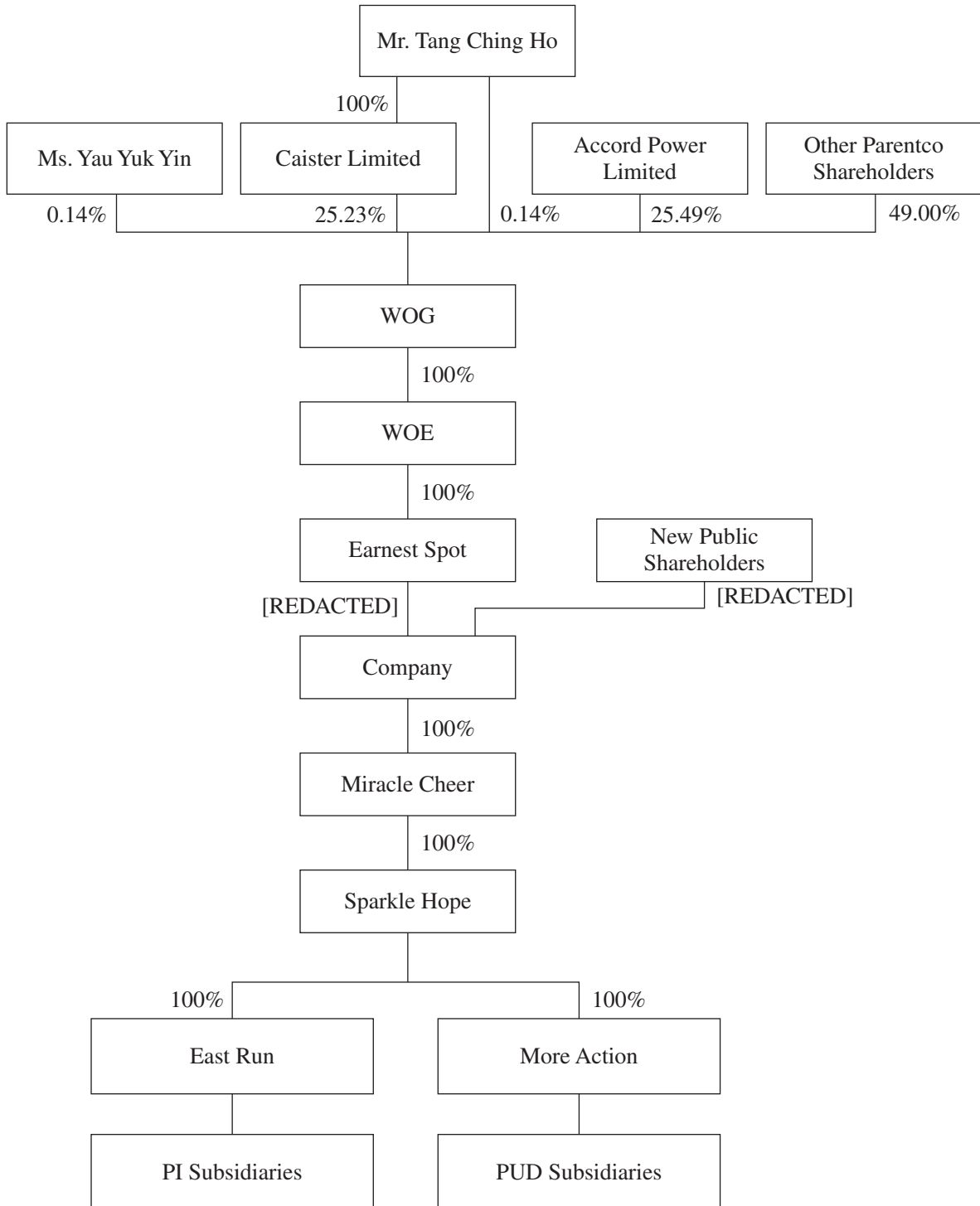
On 16 March 2016, Sparkle Hope acquired from WOE the entire issued share capital of, and shareholders’ loans owed by, East Run and More Action at an aggregate consideration of HK\$2,047,989,378, which is based on: (i) the combined net asset value of East Run and More Action as at 29 February 2016 of approximately HK\$496,443,000; and (ii) shareholders’ loan owed by East Run and More Action to WOE in the respective sums of approximately HK\$146,142,000 and HK\$1,405,404,000.

As a result of the said acquisition, Sparkle Hope will be indebted to WOE a sum (the “**Resultant Loan**”) equal to the aggregate consideration referred to in sub-paragraphs (i) and (ii) above. On 16 March 2016, WOE entered into an assignment to assign the Resultant Loan to Earnest Spot in consideration of which Earnest Spot issued to WOE one share, credited as fully paid, in its issued share capital. Immediately after the said assignment by WOE, Earnest Spot assigned the Resultant Loan to our Company, for a consideration of HK\$1.00.

On 2 February 2016, the authorised share capital of our Company was increased from HK\$100,000 (comprising 10,000,000 Shares of HK\$0.01 each) to HK\$50,000,000 of 5,000,000,000 Shares by the creation of an additional 4,990,000,000 Shares.

HISTORY, DEVELOPMENT AND REORGANISATION

The shareholding structure of our Group immediately after the Reorganisation, the Capitalisation Issue and the [REDACTED] (but without taking into account any Shares which may fall to be issued pursuant to the [REDACTED]) is set out as follows:



HISTORY, DEVELOPMENT AND REORGANISATION

Note 1: Intermediate holding companies incorporated in the BVI, subsidiaries providing management, secretarial and corporate services to our Group and management services to our Group's property development projects, a subsidiary holding equipment used in our Group's ordinary course of business, a subsidiary holding car parking spaces for investment purpose and other inactive subsidiaries are not specifically referred to in the above group structure chart.

Note 2: Two non wholly-owned PUD Subsidiaries, namely Grandwall and New Rich, are respectively owned as to 40% by Kam Wah Successful Limited and Kam Wah Sure Win Limited as at the Latest Practicable Date. Save for their respective shareholding in Grandwall and New Rich, Kam Wah Successful Limited and Kam Wah Sure Win Limited were Independent Third Parties as at the Latest Practicable Date.

Note 3: Ms. Yau Yuk Yin is an executive director of WOG and is the spouse of Mr. Tang Ching Ho. Accord Power Limited is wholly owned by the trustee of Tang's Family Trust, under which Mr. Tang Ching Ho is an appointer and Mr. Tang Ching Ho's family members are the eligible beneficiaries.

Notwithstanding Mr. Tang Ching Ho's deemed interest in WOG, Mr. Tang Ching Ho does not control the exercise of voting rights of our Company and will not be able to exercise de-facto control over WOG as to how WOG may vote in respect of Shares in our Company. The reasons are:

- (A) the exercise of voting rights in our Shares generally rests with the board of directors of WOG, not WOG's shareholders. Mr. Tang Ching Ho and his spouse, Ms. Yau Yuk Yin, are two of seven directors of the board of WOG (four of whom are independent non-executive directors). Mr. Tang Ching Ho and Ms. Yau Yuk Yin do not form a majority of the board of WOG. When a resolution of our Company is proposed, the board of directors of WOG will decide (by a majority of the directors) how WOG will vote, as a shareholder of our Company, in respect of such resolution. The board of WOG is empowered under the bye-laws of WOG to make such decision on behalf of WOG;
- (B) Mr. Tang Ching Ho's de-facto control over WOG is through his direct and indirect shareholdings in WOG only. As a shareholder, he may exercise de-facto control over WOG only to the extent of voting in respect of shares of WOG, not in respect of voting rights held by WOG in our Company. The board of directors of WOG, not its shareholders, controls the exercise of WOG's voting rights in our Company. As such, Mr. Tang Ching Ho's de-facto control over WOG through his shareholding does not enable him to control the exercise of voting rights of WOG in our Company; and
- (C) WOG is a listed company on the Stock Exchange with its own management. The affairs of WOG are managed by its directors and senior management, not its shareholders. These affairs include the operation of the businesses of WOG and the exercise of voting rights held by WOG in other companies such as our Company. The shareholders of WOG may only control the exercise of voting rights in WOG, not the exercise of voting right in other companies held by WOG.

In light of the above, Mr. Tang Ching Ho is therefore not a controlling shareholder of our Company for the purposes of the Listing Rules.

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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 the sale of our 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.

Prior to the completion of the Reorganisation and the Spin-off, we are part of the Wang On Group established in 1987, and the holding company of which, namely WANG ON GROUP LIMITED (or Parentco, as defined in this [REDACTED]), has been listed on the Main Board since 1995. For details of the Reorganisation and the Spin-off, please see the section headed “History, Development and Reorganisation” and sub-section headed “Structure and Conditions of the [REDACTED] — The [REDACTED]” in this [REDACTED], respectively.

Since the commencement of our property development business in Hong Kong in 2004 and up to the Latest Practicable Date, our property development projects were as follows:

Completed projects	Projects under development	Project held for future development
<p><i>Residential projects</i></p> <ul style="list-style-type: none"> ● The Met. Delight (completed in 2015) ● The Met. Sublime (completed in 2014) ● The Met. Focus (completed in 2013) ● Godi (completed in 2007) ● Meister House (completed in 2007) <p><i>Commercial project</i></p> <ul style="list-style-type: none"> ● 726 Nathan Road (completed in 2014) 	<p><i>Residential projects</i></p> <ul style="list-style-type: none"> ● Hang Kwong Street Project (expected to complete in October 2017) ● Ma Kam Street Project (expected to complete in February 2018) ● Tai Po Road Project (expected to complete in January 2019) <p><i>Commercial project</i></p> <ul style="list-style-type: none"> ● 575 Nathan Road Project (expected to complete in October 2017) 	<p><i>Residential and commercial project</i></p> <ul style="list-style-type: none"> ● Sze Shan Street Project
<p>Approximate total SFA: 198,000 sq.ft.</p>	<p>Approximate total expected GFA: 489,000 sq.ft.</p>	<p>Approximate expected GFA: 272,000 sq.ft.</p>

Our Directors consider that, during the Track Record Period, we had successfully established our “The Met.” brand in Hong Kong for our residential property development projects. 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. Our “The Met.” brand signifies good quality residential units with trendy design

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and layout with a SFA of approximately 190 to 580 sq.ft. per unit, and with easy access to the MTR. 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 sub-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, the revenue of our Group amounted to approximately HK\$509.8 million, HK\$1,389.4 million, HK\$1,228.8 million and HK\$535.0 million, respectively. An analysis of our Group’s revenue for the periods indicated is as follows:

	Year ended 31 March						Six months ended	
	2013		2014		2015		30 September 2015	
	(HK\$ million)	(%)	(HK\$ million)	(%)	(HK\$ million)	(%)	(HK\$ million)	(%)
Sale of properties								
— Sale of self-developed properties	—	—	896.9	64.5	1,208.6	98.4	518.3	96.9
— Sale of acquired properties held for sale	469.2	92.0	462.4	33.3	—	—	—	—
	469.2	92.0	1,359.3	97.8	1,208.6	98.4	518.3	96.9
Gross rental income	39.2	7.7	26.9	1.9	18.1	1.5	16.0	3.0
Property management fee income	1.4	0.3	3.2	0.3	2.1	0.1	0.7	0.1
Total	<u>509.8</u>	<u>100</u>	<u>1,389.4</u>	<u>100</u>	<u>1,228.8</u>	<u>100</u>	<u>535.0</u>	<u>100</u>

For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, the profit and total comprehensive income amounted to approximately HK\$187.2 million, HK\$427.0 million, HK\$459.7 million and HK\$108.5 million, respectively.

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Our Principal Business and Business Model

Our principal business comprises property development and property investment. During the Track Record Period, we recognised revenue from our property development business and our property investment business.

Property development

Sale of self-developed properties

We generate revenue from the sale of properties that are developed by us. During the Track Record Period, revenue from the sale of self-developed properties comprised revenue from the selling of The Met. Delight, The Met. Sublime, The Met. Focus and 726 Nathan Road. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, we generated approximately nil, HK\$896.9 million, HK\$1,208.6 million and HK\$518.3 million from the sale of self-developed properties, representing approximately nil, 64.5%, 98.4%, 96.9% of our total revenue, respectively. For details of the properties developed by us, please refer to the paragraph headed “Our Property Development Business — Our representative completed development projects” below in this section.

Property investment

Sale of acquired properties held for sale

Revenue from the sale of acquired properties held for sale represents the revenue generated from the sale of properties that we had purchased in the market and subsequently re-sold. During the Track Record Period, we sold residential units in Royal Ascot in Shatin and commercial units in Grandeur Terrace in Tin Shui Wai. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, we generated approximately HK\$469.2 million, HK\$462.4 million, nil and nil from the sale of acquired properties held for sale, representing approximately 92.0%, 33.3%, nil and nil of our total revenue, respectively. Depending on market demand, we may hold a mix of commercial properties, such as shops, shopping malls, car parking spaces and office units, and industrial properties for sale.

Gross rental income

We hold our investment properties for rental income and capital appreciation. Our gross rental income represents the rental income we receive from the leasing of our investment properties. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, we generated approximately HK\$39.2 million, HK\$26.9 million, HK\$18.1 million and HK\$16.0 million from leasing of our investment properties, representing approximately 7.7%, 1.9%, 1.5% and 3.0% of our total revenue, respectively.

BUSINESS

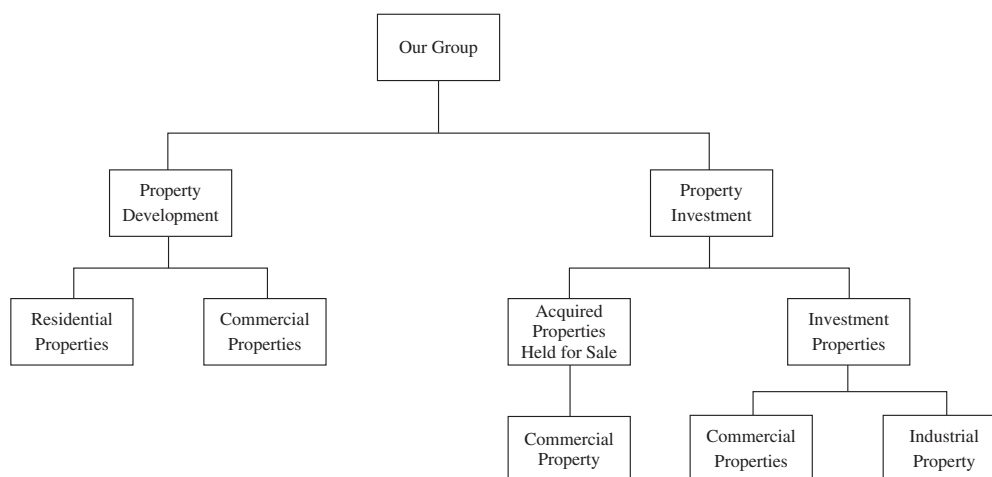
Property management fee income

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. Our property management fee income mainly represents the 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. Such 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).

For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, we generated property management fee income of approximately HK\$1.4 million, HK\$3.2 million, HK\$2.1 million and HK\$0.7 million, representing approximately 0.3%, 0.3%, 0.1% and 0.1% of our total revenue, respectively. While the total gross profit of our Group amounted to approximately HK\$308.4 million, HK\$792.8 million, HK\$562.8 million and HK\$183.2 million during the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, respectively, we suffered loss in our property management business of approximately HK\$1.0 million, HK\$15.4 million, HK\$5.2 million and HK\$2.5 million during the corresponding periods as we had vacant shops in Grandeur Terrace in Tin Shui Wai and Riviera Plaza in Tsuen Wan, which did not generate revenue for our property management business. We ceased to provide property management services to the tenants of Grandeur Terrace upon completion of our disposal of Grandeur Terrace during the year ended 31 March 2014 and to the tenants of Riviera Plaza upon our disposal of Riviera Plaza during the year ending 31 March 2016.

Our Property Portfolio

Our Group has diverse capabilities with principal activities encompassing property development and investment. The following chart illustrates the composition of the portfolios of our property development and property investment business as at the Latest Practicable Date:



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The following map of Hong Kong illustrates the geographical locations of (i) our self-developed properties completed during the Track Record Period; and (ii) (a) our properties under development and held for future development; (b) our investment properties; (c) our acquired properties held for sale; and (d) our self-developed properties held for sale, as at the Latest Practicable Date:



- ▲ — Our self-developed property completed during the Track Record Period
- — Our property under development or held for future development as at the Latest Practicable Date
- — Our investment property as at the Latest Practicable Date
- ◆ — Our acquired property held for sale as at the Latest Practicable Date
- * — Our self-developed property held for sale as at the Latest Practicable Date

OUR COMPETITIVE STRENGTHS

Our Directors consider our success is principally attributed to the following competitive strengths:

We successfully established “The Met.” brand in Hong Kong

As a property developer, we believe that we successfully established “The Met.” brand in Hong Kong for our residential property development projects. 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. All of these are located in traditional urban residential districts. Our “The Met.” brand signifies good quality residential units with trendy design and layout with a SFA of approximately 190 to 580 sq.ft. per unit, which are most suitable for single occupants and young couples with easy access to the MTR. For instance, The Met. Sublime is located near the Sai Ying Pun Station of the MTR which was opened in March 2015 and completes the West Island Line extension of the Island Line of the MTR. In addition, The Met. Focus is located in Hung Hom which is currently served by the Hung Hom Station of the MTR. The station serves as the southern terminus of both East Rail Line and West Rail Line of the MTR, as well as the terminus of cross-border services with destinations to major cities in China. Ho Man Tin Station and

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Whampoa Station are also under construction in Hung Hom as part of an extension of the Kwun Tong Line of the MTR. Our Directors consider that, with the unique brand images of these projects, all of these projects stood out from the other developers.

Currently, we are developing three residential projects which are expected to be sold under “The Met.” brand. Such residential projects comprise two projects located in Ma On Shan and one project located on Tai Po Road, all of which are easily accessible by the MTR. For details of such residential projects, please refer to the sub-section headed “Our Property Development Business — Description of the Portfolio of Our Property Development Business” below in this section.

We have a broad range of properties for development and investment

Our Group has extensive expertise in developing and investing in properties across different asset classes, comprising residential, commercial and industrial properties. We commenced our property development business in 2004. Up to the Latest Practicable Date, our property development projects were as follows:

Completed projects	Projects under development	Project held for future development
<p><i>Residential projects</i></p> <ul style="list-style-type: none"> ● The Met. Delight (completed in 2015) ● The Met. Sublime (completed in 2014) ● The Met. Focus (completed in 2013) ● Godi (completed in 2007) ● Meister House (completed in 2007) <p><i>Commercial project</i></p> <ul style="list-style-type: none"> ● 726 Nathan Road (completed in 2014) 	<p><i>Residential projects</i></p> <ul style="list-style-type: none"> ● Hang Kwong Street Project (expected to complete in October 2017) ● Ma Kam Street Project (expected to complete in February 2018) ● Tai Po Road Project (expected to complete in January 2019) <p><i>Commercial project</i></p> <ul style="list-style-type: none"> ● 575 Nathan Road Project (expected to complete in October 2017) 	<p><i>Residential and commercial project</i></p> <ul style="list-style-type: none"> ● Sze Shan Street Project
<p>Approximate total SFA: 198,000 sq.ft.</p>	<p>Approximate total expected GFA: 489,000 sq.ft.</p>	<p>Approximate expected GFA: 272,000 sq.ft.</p>

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We commenced our property investment business in 1997. As at the Latest Practicable Date, the portfolio of our property investment business (including those contracted for sale) comprised mainly commercial properties, including shops and car parking spaces, with a total value of HK\$687.2 million valued by the Property Valuer as at 31 December 2015.

By building on a diversified operating base in terms of asset type, we believe we will be able to further enhance our operational efficiency and effectiveness, and strengthen our risk management capability to deal with unforeseen market changes.

We have an experienced and stable management team which is able to understand the needs and preferences of the target buyers of our properties and the target tenants of our properties, and respond swiftly to market demand

Our management team comprises professionals with expertise in a wide range of fields, including real estate development, engineering, finance, project management, operations and sales and marketing. Our executive and non-executive Directors and senior management team have, as a team, extensive experience in the property market in Hong Kong and most of our executive and non-executive Directors and senior management personnel have been working with us for an average of more than 6 years, and form a stable core team which has operated well together. For example:

- Mr. Wong Yiu Hung Gary, our executive Director, has over 30 years of experience in the property development industry;
- Mr. Chan Chun Hong, our non-executive Director and chairman of our Board, has joined the Parentco Group since March 1997. He has gained extensive experience in the property market and deep understanding of our operations;
- Ms. Ching Tak Won, Teresa, our sales and marketing general manager of our property development division, has more than 11 years of experience in sales and marketing in the property industry;
- Mr. Yeung Yiu Man, the director of our quantity surveying division, has over 15 years of property project management experience; and
- Mr. Tang Ho Hong, our executive Director, has about 5 years of full-time experience in property acquisition, project development and management. Mr. Tang has participated in the decision-making process of the development of our representative completed development projects, namely The Met. Sublime and The Met. Delight, and he will continue to participate in our property development projects going forward.

We believe the stability of our management team, the extensive experience of our management team in the property industry and our management team's in-depth understanding of the property market in Hong Kong would enable us to understand the needs and preferences of the target buyers of our properties and the target tenants of our properties, and respond swiftly to market demand.

BUSINESS

We believe that the strong execution capabilities of our management team have been instrumental in executing our business strategies and achieving our current market position. Throughout the years, we have endeavoured to recruit and retain employees whom we believe have potential to contribute to the growth of our Group.

We have an established business model where we strategically hold selected properties for investment for recurring rental income and capital appreciation

Our business model is designed to balance short-term capital needs and long-term financial strength. While we strategically hold selected properties for investment for stable recurring rental income and capital appreciation, we also sell certain properties for investment to fund our business, operations and expansion plans. This allows us to generally fund our operations through cash flows stemming from rental income, while allowing us to benefit from additional capital from the sale of these properties for our overall operations. We are also able to enjoy potential capital appreciation on our properties for investment over the long term to take advantage of prime locations of our properties. Although we had a net fair value loss on our investment properties of approximately HK\$25.3 million for the year ended 31 March 2014 mainly due to 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, our investment properties had a net fair value gains of 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 BUSINESS STRATEGIES

To expand our market share as a property developer and owner in Hong Kong and create value for our Shareholders, we intend to implement the following business strategies:

Continue to focus predominately on developing residential and commercial properties in locations accessible by public transportation

In order to maximise our Shareholders’ value by driving long-term sustainable growth, we will continue to place a predominate focus on our residential property development business, especially in locations accessible by public transportation.

During the Track Record Period, we had developed 726 Nathan Road, a Ginza-style commercial building with modern design in Mongkok, which is within two minutes’ walk from the Mongkok Station of the Tsuen Wan Line of the MTR. We are currently developing another Ginza-style commercial building located at Nos. 575 and 575A Nathan Road, Kowloon. Please refer to the paragraph headed “Our Property Development Business — Description of the Portfolio of Our Property Development Business — Properties under Development — 575 Nathan Road Project” for further details. We believe that the launching of the 575 Nathan Road Project could bring more attention to investors for future investment opportunities. Going forward, we will continue to look for suitable locations to develop more residential buildings and Ginza-style commercial buildings in locations accessible by public transportation.

BUSINESS

Maintain a prudent land bank strategy

We will continue to maintain a prudent land bank strategy by acquiring development sites with good development potential and at a reasonable cost. Our Group will continue to actively compete in land tenders hosted by the Hong Kong Government and capture other opportunities in property acquisitions so as to maintain sufficient land bank to support the development of our property development business. We have been and will continue to select new development sites that are (i) easily accessible by public transportation; (ii) suitable to be developed into residential projects with small-to-medium sized units; (iii) within the acquisition costs of not more than HK\$2.0 billion each; and (iv) supported by comprehensive facilities in the surrounding neighbourhood.

Our Group will focus on identifying suitable development sites by utilising our accumulated expertise and experience in developing properties in Hong Kong. Our Group will continue to adopt a prudent approach in future land acquisitions.

Improve the mix of the portfolio for our property investment business

Our Group intends to continue our investment in properties located in Hong Kong. We intend to improve the mix of the portfolio for our property investment business by (i) actively monitoring the property market in Hong Kong, including the supply and demand for different types of properties and the regulations and policies to be implemented by the Hong Kong Government from time to time; (ii) continuously adopting a flexible investment approach for our properties; and (iii) considering to invest in different types of commercial and industrial properties. In order to increase the market values of properties to be purchased by us, we may also consider and execute asset enhancement opportunities.

Promote our brand recognition in Hong Kong

Our Directors consider that, during the Track Record Period, we had successfully established “The Met.” brand in Hong Kong for our residential property development projects. Going forward, we intend to further promote our “The Met.” brand by continuously enhancing the appeal of our residential properties to be developed by us and distinguishing ourselves from our competitors by strategically positioning in niche markets. We are currently establishing the theme of our new brand “Ladder” for our commercial development projects. We intend to use the brand, “Ladder”, for our Ginza-style commercial property located at 575 Nathan Road, which is currently under development, and other Ginza-style commercial properties to be developed in the future. We believe that by offering properties which match the trends of the market and meet the demands of our customers, we will be able to promote our brand recognition and reputation in Hong Kong.

Continue to attract, retain and motivate skilled and talented workforce

We are committed to building a highly professional and specialised team with strong execution capabilities that share our values, vision and corporate culture. We believe our future success and growth strategies depend on our ability to attract, retain and motivate skilled and talented workforce.

BUSINESS

In order to support our growth and expansion, we intend to attract and recruit employees with a wide range of expertise including property development, project planning, finance and marketing and sales. We will continue to attract, retain and motivate skilled and talented workforce through various initiatives, including internal and external job-related training and team-building programmes, competitive remuneration packages and effective performance-based evaluation and incentive system.

OUR PROPERTY PORTFOLIO

We have a diversified portfolio of properties in Hong Kong. The table below sets out a summary of our property portfolio as at the Latest Practicable Date by geographic location and their valuations as at 31 December 2015:

	Property Development									Property Investment						Total		
	Completed Properties Held for Sale			Properties under Development			Properties Held for Future Development			Acquired Properties Held for Sale			Properties Held for Investment					
	SFA (sq.ft.)	GFA (sq.ft.)	(HK\$ million)	Expected SFA (sq.ft.)	Expected GFA (sq.ft.)	Expected (HK\$ million)	Expected SFA (sq.ft.)	Expected GFA (sq.ft.)	(HK\$ million)	SFA (sq.ft.)	GFA (sq.ft.)	(HK\$ million)	SFA (sq.ft.)	GFA (sq.ft.)	(HK\$ million)	SFA (sq.ft.)	GFA (sq.ft.)	(HK\$ million)
Hong Kong																		
Island	—	—	—	—	—	—	—	—	—	—	—	4,951	—	288.2	4,951	—	288.2	
Kowloon	1,360 (Note 1)	—	47.8	—	25,465	430.0	—	271,616	370.0	—	—	—	4,684 (Note 3)	—	254.9	6,044	297,081	1,102.7
New Territories	—	—	—	—	463,217	2,095.0	—	—	—	—	—	88.7	1,224	—	55.4	1,224	463,217	2,239.1
										(Note 2)								
Total	1,360	—	47.8	—	488,682	2,525.0	—	271,616	370.0	—	—	88.7	10,859	—	598.5	12,219	760,298	3,630.0

Notes:

- The SFA of this property includes one unit in 726 Nathan Road which was developed by us. As at the Latest Practicable Date, we also held 17 signages at 726 Nathan Road with a total area of approximately 772 sq.ft., which had a total value of HK\$4.8 million as at 31 December 2015.
- The SFA of properties held for sale located in the New Territories does not include the car parking spaces in Shatin Centre.
- The properties held for investment in Kowloon include a shop in 726 Nathan Road which was developed by us, and has been leased to an Independent Third Party.
- Only SFA is disclosed for completed properties held for sale, acquired properties held for sale and properties held for investment, as the construction of such properties was completed, the respective SFA can be ascertained with certainty. Further, it is in line with the market practice to disclose the SFA of properties after the Residential Properties (First-hand Sales) Ordinance came into effect on 2 April 2013.
- Our Directors are of the view that it is more appropriate to disclose only the expected GFA of the properties under development and properties held for future development, as the SFA of such properties cannot be properly ascertained due to the fact that such properties are either under construction or to be constructed in the future, and it may be subject to change during the course of construction.

All valuation figures cited above are derived from “Appendix III — Property Valuation” to this [REDACTED]. For details, please refer to “Appendix III — Property Valuation” to this [REDACTED].

BUSINESS

OUR PROPERTY DEVELOPMENT BUSINESS

We have completed six development projects with a total SFA of approximately 198,000 sq.ft., comprising five residential projects and one commercial project since the commencement of our property development business in 2004. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, we generated approximately nil, HK\$896.9 million, HK\$1,208.6 million and HK\$518.3 million from the sale of self-developed properties, representing approximately nil, 64.5%, 98.4% and 96.9% of our total revenue, respectively.

In general, the portfolio for our property development business comprises completed properties held for sale, properties under development and properties held for future development.

The following table sets out the SFA of our completed properties held for sale and the expected GFA of our properties under development and held for future development as at the Latest Practicable Date, and their respective valuation as at 31 December 2015:

	Completed Properties Held for Sale		Properties under Development		Properties Held for Future Development	
	<i>SFA (sq.ft.)</i>	<i>(HK\$ million)</i>	<i>Expected GFA (sq.ft.)</i>	<i>(HK\$ million)</i>	<i>Expected GFA (sq.ft.)</i>	<i>(HK\$ million)</i>
Hong Kong Island	—	—	—	—	—	—
Kowloon	1,360	47.8	25,465	430.0	271,616	370.0
	<i>(Note)</i>					
New Territories	—	—	463,217	2,095.0	—	—
Total	1,360	47.8	488,682	2,525.0	271,616	370.0

Note: These properties include one unit and 17 signages in 726 Nathan Road which was developed by us.

BUSINESS

Key information of the portfolio for our property development business

Tables containing certain key information with respect to the portfolio of our property development business as at the Latest Practicable Date, which comprised completed properties held for sale, properties under development and properties held for future development, and their respective valuation as at 31 December 2015 are set out below. For details of the valuations of the properties valued by the Property Valuer as at 31 December 2015, please see “Appendix III — Property Valuation” to this [REDACTED].

(i) *Completed properties held for sale*

Project	Location	SFA/Area Held for Sale <i>(sq.ft.)</i>	Number of Units/ Properties Held for Sale	Actual Completion Date <i>(Year)</i>	Total Value <i>(HK\$ million)</i>	Page no. of “Appendix III — Property Valuation” to this [REDACTED]
Kowloon						
726 Nathan Road	Mongkok	1,360	1	2014	43.0	III-6 and III-18
726 Nathan Road	Mongkok	772 <i>(Note)</i>	17	2014	4.8	III-6 and III-17

Note: These properties include 17 signages on the external wall of 726 Nathan Road.

BUSINESS

(ii) Properties under development

Project	Location	Site Area (sq.ft.)	Total Expected GFA (approximate) (sq.ft.)	Total Expected SFA (approximate) (sq.ft.)	Number of Units Held for Sale	Number of Car Parking Spaces	Development Commencement Date (Year)	Pre-sale Consent Date (Year)	Estimated Pre-sale Commencement Date (Month and Year)	Estimated Completion Date (Year)	Interest Attributable to our Group (%)	Total Value (HK\$ million)	Total Value Attributable to our Group (HK\$ million)	Page no. of “Appendix III — Property Valuation” to this [REDACTED]
Kowloon 575 Nathan Road Project (Note 1)	Mongkok	2,130	25,000	15,000	19	—	2015	N/A	N/A	2017	100	430.0	430.0	III-7, III-23
New Territories Ma Kam Street Project (Note 2)	Sha Tin	33,272	200,000	174,000	640	46	2014	—	October 2016	2018	60	805.0	483.0	III-7, III-25
Hang Kwong Street Project (Note 2)	Sha Tin	33,368	115,000	100,000	364	27	2014	—	January 2017	2017	60	500.0	300.0	III-7, III-24
Tai Po Road Project	Sha Tin	70,504	148,000	131,000	343	23	2015	—	October 2017	2019	100	790.0	790.0	III-7, III-26

Notes:

- (1) 575 Nathan Road Project is a non-consent scheme project and no pre-sale consent is required. As at the Latest Practicable Date, we had no plan to pre-sell any units in the 575 Nathan Road Project.
- (2) We hold such property through a non wholly-owned subsidiary which we hold 60% interests.

(iii) Properties held for future development

Project	Location	Site Area (sq.ft.)	Total Expected GFA (approximate) (sq.ft.)	Number of Units Held for Sale	Number of Car Parking Spaces	Development Commencement Date (Year)	Pre-sale Consent Date (Year)	Estimated Completion Date (Year)	Interest Attributable to our Group (%)	Total Value (HK\$ million)	Total Value Attributable to our Group (HK\$ million)	Page no. of “Appendix III — Property Valuation” to this [REDACTED]
Kowloon Sze Shan Street Project	Yau Tong	41,080	272,000	328	89	2009	—	N/A	100	370.0	370.0	III-8, III-27 to III-28

BUSINESS

Description of the portfolio of our property development business

As at 31 December 2015, we held the following development properties in Hong Kong, with each having a carrying amount of 1% or more of our Group's total assets as at 30 September 2015:

Properties under development

Hang Kwong Street Project

The Hang Kwong Street Project is a residential project located at Sha Tin Town Lot No. 598 Hang Kwong Street, Ma On Shan, Sha Tin, New Territories, which is near to the Ma On Shan Station on the Ma On Shan Line of the MTR and Sunshine City Plaza, the largest shopping centre in the Ma On Shan District. We acquired the development site comprising the Hang Kwong Street Project in September 2014 through tender.

Details of this project as of 31 December 2015 were as follows:

Site area (approximately) (<i>sq.ft.</i>)	33,000
Construction period	
• Commencement	October 2014
• Estimated date of completion	October 2017
Total expected GFA under development (approximate) (<i>sq.ft.</i>)	115,000
Attributable interest to our Group	60%
Future development costs to be incurred (approximate)	HK\$559.6 million

We plan to construct two residential buildings in the Hang Kwong Street Project, with 364 units and 27 car parking spaces. As at 31 December 2015, this project was under development.

575 Nathan Road Project

The 575 Nathan Road Project is a commercial project located at Nos. 575 and 575A Nathan Road, Kowloon in Mongkok, Kowloon, which is near Mong Kok Station on the Tsuen Wan Line of the MTR. We intend to develop the 575 Nathan Road Project into another Ginza-style commercial building with 19 floors.

Details of this project as of 31 December 2015 were as follows:

Site area (approximately) (<i>sq.ft.</i>)	2,100
Construction period	
• Commencement	April 2015
• Estimated date of completion	October 2017
Total expected GFA under development (approximate) (<i>sq.ft.</i>)	25,000
Attributable interest to our Group	100%
Future development costs to be incurred (approximate)	HK\$126.6 million

As at 31 December 2015, the 575 Nathan Road Project was under development.

BUSINESS

Ma Kam Street Project

The Ma Kam Street Project is a residential project located on Sha Tin Town Lot No. 599, Ma Kam Street, Ma On Shan, Sha Tin, New Territories, which is near the Ma On Shan Station on the Ma On Shan Line of the MTR. We acquired the development site comprising the Ma Kam Street Project in July 2014 through tender.

Details of this project as of 31 December 2015 were as follows:

Site area (approximately) (<i>sq.ft.</i>)	33,000
Construction period	
• Commencement	August 2014
• Estimated date of completion	February 2018
Total expected GFA under development (approximate) (<i>sq.ft.</i>)	200,000
Attributable interest to our Group	60%
Future development costs to be incurred (approximate)	HK\$910.7 million

We plan to construct two residential buildings in the Ma Kam Street Project, with 640 units and 46 car parking spaces. As at 31 December 2015, this project was under development.

Tai Po Road Project

The Tai Po Road Project is a residential project located on Sha Tin Town Lot No. 587, Tai Po Road, Tai Wai, Sha Tin, New Territories, which is near to the Tai Wai Station on the East Rail Line and the Ma On Shan Line of the MTR. We acquired the development site comprising the Tai Po Road Project in February 2015 through tender.

Details of this project as of 31 December 2015 were as follows:

Site area (approximately) (<i>sq.ft.</i>)	71,000
Construction period	
• Commencement	February 2015
• Estimated date of completion	January 2019
Total expected GFA under development (approximate) (<i>sq.ft.</i>)	148,000
Attributable interest to our Group	100%
Future development costs to be incurred (approximate)	HK\$762.8 million

We plan to construct a residential building with 343 units and 23 car parking spaces in the Tai Po Road Project. As at 31 December 2015, this project was under development.

Properties held for future development

Sze Shan Street Project

The Sze Shan Street Project is a residential and commercial project located at Nos. 13 and 15 Sze Shan Street, Yau Tong, Kowloon, which is near the Yau Tong Station on the Kwun Tong Line and the Tseung Kwan O Line of the MTR. We acquired the development site comprising the Sze Shan Street Project in September 2010 from Independent Third Parties.

BUSINESS

Details of this project as of 31 December 2015 were as follows:

Site area (approximately) (<i>sq.ft.</i>)	41,000
Construction period	
• Commencement (<i>Note</i>)	N/A
• Estimated date of completion (<i>Note</i>)	N/A
Total expected GFA under development (approximate) (<i>sq.ft.</i>)	272,000
Attributable interest to our Group	100%

Note: We are awaiting the Hong Kong Government to make a re-offer of the land premium for the development site. As at the Latest Practicable Date, the land comprising the Sze Shan Street Project was a bare site.

We may consider disposing of the land comprising the Sze Shan Street Project, depending on (i) the negotiation of land premium with the Hong Kong Government; and (ii) the prevailing market rate.

Completion schedule for our property development projects

Based on our current project plans and internal records, the estimated completion schedule for our property development projects as at the Latest Practicable Date were as follows:

Project	District	Estimated date of completion
1. Hang Kwong Street Project	Shatin	October 2017
2. 575 Nathan Road Project	Mongkok	October 2017
3. Ma Kam Street Project	Shatin	February 2018
4. Tai Po Road Project	Shatin	January 2019
5. Sze Shan Street Project (<i>Note</i>)	Kwun Tong	N/A

Note: As at the Latest Practicable Date, the land comprising the Sze Shan Street Project was a bare site, and we may consider disposing of such land site. For details, please refer to the paragraph headed “Our Property Development Business — Description of the Portfolio of Our Property Development Business — Properties held for future development — Sze Shan Street Project” above in this section.

BUSINESS

Payment schedule for future/estimated development costs to be incurred

As of 31 December 2015, based on our current project plans, the payment schedule for future/estimated development costs to be incurred for our current projects were as follows:

Project	District	Future/estimated development costs to be incurred			Total
		For the three months ending 31 March 2016	For the year ending 31 March 2017	After 31 March 2017	
<i>(HK\$ million)</i>					
1. Hang Kwong Street Project	Shatin	13.5	286.7	259.4	559.6
2. 575 Nathan Road Project	Mongkok	15.3	65.5	45.8	126.6
3. Ma Kam Street Project	Shatin	23.8	359.1	527.8	910.7
4. Tai Po Road Project	Shatin	29.3	209.9	523.6	762.8
5. Sze Shan Street Project (<i>Note</i>)	Kwun Tong	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total		<u>81.9</u>	<u>921.2</u>	<u>1,356.6</u>	<u>2,359.7</u>

Note: As at the Latest Practicable Date, the land comprising the Sze Shan Street Project was a bare site.

BUSINESS

Our representative completed development projects

We are experienced in property development in Hong Kong. Over the years, we had completed six development projects, which comprise five residential development projects and one commercial development project. Set out below are the brief particulars of our representative completed development projects:

The Met. Focus



Name of the development	:	The Met. Focus
Type of development	:	residential
Location	:	Pak Kung Street, Hung Hom, Kowloon
Total SFA of residential and commercial units (approximate)	:	29,000 sq.ft. (residential: 24,000 sq.ft.; commercial: 5,000 sq.ft.)
Number of storeys	:	26 storeys (including ground floor) (residential: 21 storeys; recreational facilities and clubhouse: 2 storeys; commercial: 2 storeys; mechanical floor: 1 storey)
Number of residential units	:	103
Number of shops	:	5
Commencement date of pre-sale	:	December 2011
Completion date	:	November 2013

“The Met.” is the first boutique residential series introduced by our Group. “Met” can be interpreted as metropolis and metro, representing the concept that the properties are built at superior locations with the advantage of having easy access to comprehensive transportation systems. “Met” can also be interpreted as “to meet”, which means to ultimately reach the goal you have pursued for a lifetime, that is, an ideal home like no other.

BUSINESS

The Met. Focus is the first project in the series. Located in Hung Hom, The Met. Focus is built on a core part of Kowloon. Hung Hom is served by the Hung Hom Station of the MTR, and it is the southern terminus of both East Rail Line and West Rail Line of the MTR, as well as the terminus of cross-border services with destinations to major cities in China. The Met. Focus is in close proximity to Ho Man Tin, which is expected to be served by the Ho Man Tin Station and Whampoa Station as part of an extension of the Kwun Tong Line of the MTR. The Met. Focus is of simple and cozy design. Units are mainly studio flats in hotel-style design and specialty flats are equipped with spacious terrace or roof for exclusive enjoyment. Recreational facilities and clubhouse are available at The Met. Focus, which include gymnasium, function room, outdoor swimming pool, changing rooms, barbeque area and landscaped garden. According to the DTZ Market Report, having a clubhouse within a single-block development is not common, therefore such facilities are considered to be value-adding to The Met. Focus.



BUSINESS

The Met. Sublime



Name of the development	:	The Met. Sublime
Type of development	:	residential
Location	:	Kwai Heung Street, Sai Ying Pun, Hong Kong Island
Total SFA of residential and commercial units (approximate)	:	32,000 sq.ft. (residential: 30,000 sq.ft.; commercial: 2,000 sq.ft.)
Number of storeys	:	29 storeys (including ground floor) (residential: 25 storeys; clubhouse: 1 storey; commercial: 1 storey; plant room and refuge floor: 2 storeys)
Number of residential units	:	97
Number of shops	:	2
Commencement date of pre-sale	:	August 2012
Completion date	:	November 2014

BUSINESS

Apart from being the second project in “The Met.” boutique residential series, The Met. Sublime is also the pioneer residential project of our Group on the Hong Kong Island. Adhering to the concept of “The Met.” series, The Met. Sublime provides a quality living standard with stylish design equipped with meticulous selection of fittings and finishes. Recreational facilities and clubhouse are available at The Met. Sublime, which include outdoor swimming pool and gymnasium. As The Met. Sublime is located in a mature district, these ancillary facilities together with the modern design and decoration provide a high quality and comfortable living environment for its residents. The Met. Sublime is only 2 minutes’ away from the Sai Ying Pun Station on the Island Line of the MTR by foot and within 10 minutes’ away from Central by MTR.



BUSINESS

The Met. Delight



Name of the development	:	The Met. Delight
Type of development	:	residential
Location	:	Camp Street, Cheung Sha Wan, Kowloon
Total SFA of residential and commercial units (approximate)	:	36,000 sq.ft. (residential: 30,000 sq.ft.; commercial: 6,000 sq.ft.)
Number of storeys	:	25 storeys (including ground floor) (residential: 22 storeys; clubhouse: 1 storey; commercial: 2 storeys)
Number of residential units	:	84
Number of storeys of shops	:	2
Number of shops	:	9
Commencement date of pre-sale	:	March 2013
Completion date	:	January 2015

The Met. Delight is designed with a green city concept, incorporating a number of environmentally friendly and low-carbon living elements. From construction process to materials procurement, the project complies with the environmental standards of the Beam Plus principles, which fulfils city dwellers' pursuit of a low carbon life-style. The Met. Delight is a special residential development in the district for its offering of spectacular views, as each unit faces either the mountain or city's skyline. Recreational facilities and clubhouse are available at The Met. Delight, which include landscaped and recreational areas.

BUSINESS

The Met. Delight boasts a convenient transportation network, with Cheung Sha Wan Station and Sham Shui Po Station on the Tsuen Wan Line of the MTR only a 7-minute walk away, thereby providing easy access to other districts. Being in close proximity to Beacon Hill Crescent and connected to Sheung Li Uk Garden, The Met. Delight is in the heart of a bustling city, while offering the serenity of nature.



BUSINESS

726 Nathan Road

Name of the development	:	726 Nathan Road
Type of development	:	commercial
Location	:	Nathan Road, Mongkok, Kowloon
Total SFA of commercial units (approximate)	:	28,000 sq.ft.
Number of storeys	:	22 storeys (including ground floor) (commercial: 19 storeys; podium garden: 1 storey; mechanical floors: 2 storeys)
Number of shops	:	19
Commencement date of pre-sale	:	January 2013
Completion date	:	February 2014

726 Nathan Road is designed to be a 24-hour operating Ginza-style commercial building, which is located at the core bustling shopping area in Mongkok within 2 minutes' walk from the Mongkok Station on the Tsuen Wan Line of the MTR and with easy access to China-Hong Kong transportation stops and 24-hour minibus stops. The development has 19 storeys of commercial units and a recreational communal podium garden on the third floor. Each of the units is column-free with open floor space design, which maximises layout flexibility. In addition, each unit has a ceiling height of 3.85 metres, which offers ample space, and a floor loading of 5 kPa (kilopascals) which is able to meet the needs and requirements of different business operators such as operators of restaurants.



BUSINESS

Expansion of property portfolio, pipeline and land bank replenishment

As at the Latest Practicable Date, the land bank of our Group was mostly located in Shatin in the New Territories. Depending on the market conditions, we plan to develop our land bank over several years. We will continue to replenish our land bank, with a focus on developing projects at locations with easy access to public transport.

OUR PROPERTY INVESTMENT BUSINESS

We have been engaging in property investment business in Hong Kong since 1997. During the Track Record Period, we generated revenue from (i) the sale of acquired properties; (ii) recurring rental income from leasing our investment properties; and (iii) property management fee income, under our property investment business. Our properties for investment include commercial and industrial properties. 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 sub-section headed “Summary — Recent Developments and Material Adverse Change” in this [REDACTED].

Our investment properties principally include commercial properties which we hold for the purpose of capital appreciation in a long run. We generally lease our investment properties for recurring rental income during the period which we hold such properties for capital appreciation. We also acquire commercial properties, such as shops and car parking spaces, from the market for re-sell. Our property management services are specific to Grandeur Terrace in Tin Shui Wan (which we had disposed of during the year ended 31 March 2014) and Riviera Plaza in Tsuen Wan (which we had disposed of on 15 February 2016). After our disposal of Riviera Plaza, we expect that we will not generate any property management fee income going forward as we no longer provide property management services.

We may, depending on the property market and the return on investment, purchase additional properties and/or dispose of existing properties for our property investment business. Going forward, we intend to continue our investment in properties located in Hong Kong. Please refer to the sub-section headed “Our Business Strategies — Improve the mix of the portfolio for our property investment business” above in this section.

BUSINESS

The following table breaks down our Group’s property investment portfolio as at the Latest Practicable Date by geographical locations and the valuation as at 31 December 2015. All valuations cited are derived from “Appendix III — Property Valuation” to this [REDACTED].

	Acquired Properties Held for Sale			Properties Held for Investment			Total		
	SFA (sq.ft.)	GFA (sq.ft.)	(HK\$ million)	SFA (sq.ft.)	GFA (sq.ft.)	(HK\$ million)	SFA (sq.ft.)	GFA (sq.ft.)	(HK\$ million)
Hong Kong Island	—	—	—	4,951	—	288.2	4,951	—	288.2
Kowloon	—	—	—	4,684	—	254.9	4,684	—	254.9
				(Note 2)					
New Territories	—	—	88.7	1,224	—	55.4	1,224	—	144.1
	(Note 1)								
Total	—	—	88.7	10,859	—	598.5	10,859	—	687.2

Notes:

1. The SFA of properties held for sale located in the New Territories does not include the car parking spaces in Shatin Centre.
2. The properties held for investment in Kowloon include a shop in 726 Nathan Road which has been leased to an Independent Third Party.

We seek to maintain long-term relationships with tenants and an appropriate balance in our tenant mix. We believe that our tenant selection criteria and tenant relationship management have played important roles in retaining our core tenants and sustaining high occupancy rates and rental income base. In assessing new tenancies, we take into consideration factors including the type of trade or business conducted by the tenant, brand attractiveness, rental affordability and the effect on the tenant mix of the particular investment property as a whole.

BUSINESS

Key information of the portfolio for our property investment business

Tables containing certain key information with respect to the portfolio of our property investment business as at the Latest Practicable Date, and their respective valuation as at 31 December 2015 are set out below. To facilitate reference, the tables also show the valuations of the properties valued by the Property Valuer as at 31 December 2015. For details of the valuations of the properties valued by the Property Valuer as at 31 December 2015, please see “Appendix III — Property Valuation” to this [REDACTED].

Property	Location	Type of Property	Total SFA (sq.ft.)	Total GFA (sq.ft.)	Average Monthly Effective Rent for the six months ended 30 September 2015 (HK\$)	Average Occupancy Rate for the six months ended 30 September 2015	Effective Rental Yield			Leasehold Expiry (Year)	Expiry Date of Lease Term (Year)	Total Value as at 31 December 2015 (HK\$ million)	Page no. of “Appendix III — Property Valuation” to this [REDACTED]
							For the year ended 31 March 2013	2014	2015				
Hong Kong Island													
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	Causeway Bay	Commercial	1,204	—	900,000	100%	N/A (Note 1)	N/A (Note 1)	4.3%	2842	2018	241.0	III-5, III-11
Shop B on Ground Floor, Nos. 106-108 Shau Kei Wan Road, Hong Kong	Shau Kei Wan	Commercial	791	—	122,000	100%	6.7%	7.5%	10.6%	2071	2016	30.4	III-5, III-9
8th Floor, Kingsun Computer Industrial Building, No. 40 Shek Pai Wan Road, Hong Kong	Tin Wan	Industrial	2,956	—	Nil	Nil	Nil (Note 3)	Nil (Note 3)	Nil (Note 3)	2128	N/A	16.8	III-5, III-10
Kowloon													
Ground Floor including Cockloft, Foon Shing Building, No. 732 Nathan Road, Kowloon	Mongkok	Commercial	2,495	—	200,000	100%	2.6%	2.9%	2.2%	2078	2018	91.6	III-5, III-12
Shop 1 and 2 on Ground Floor, “726 Nathan Road”, No. 726 Nathan Road, Kowloon	Mongkok	Commercial	1,857	—	415,000	100%	N/A (Note 1)	N/A (Note 1)	13.2%	2078	2018	140.0	III-5, III-14
Shops A, B and C on Ground Floor of No. 111 Ma Tau Wai Road, Kowloon	To Kwa Wan	Commercial	332	—	60,000	100%	2.8%	2.8%	2.9%	2049	2017	23.3	III-5, III-13

BUSINESS

Property	Location	Type of Property	Total SFA (<i>sq.ft.</i>)	Total GFA (<i>sq.ft.</i>)	Average Monthly Effective Rent for the six months ended 30 September 2015 (<i>HK\$</i>)	Average Occupancy Rate for the six months ended 30 September 2015	Effective Rental Yield For the year ended 31 March 2015			Leasehold Expiry (<i>Year</i>)	Expiry Date of Lease Term (<i>Year</i>)	Total Value as at 31 December 2015 (<i>HK\$ million</i>)	Page no. of "Appendix III – Property Valuation" to this [REDACTED]
							2013	2014	2015				
New Territories													
Shop 3 on Level 1, Jade Plaza, No. 3 On Chee Road, Tai Po, New Territories	Tai Po	Commercial	712	—	110,000	100%	3.9%	4.3%	5.4%	2047	2016	20.0	III-6, III-16
Shop 6 on Ground Floor, Grandeur Garden, Nos. 14–18 Chik Fat Street, Nos. 55–65 Tai Wai Road, Shatin, New Territories	Shatin	Commercial	512	—	149,500	100%	9.1%	9.1%	9.8%	2047	2017	35.4	III-5, III-15
89 Car Parking Spaces on Level 1 of the Podium, Shatin Centre, Nos. 2–16 Wang Pok Street, Shatin, New Territories (<i>Note 4</i>)	Shatin	Commercial	—	—	Nil	Nil	N/A (<i>Note 1</i>)	N/A (<i>Note 1</i>)	N/A (<i>Note 1</i>)	2047	Nil	88.7	III-6, III-20

BUSINESS

Notes:

1. Such property was not owned by our Group during the relevant year.
2. The effective rental yield during the year ended 31 March 2015 increased to 10.6% from 7.5% during the year ended 31 March 2014, as we renewed the tenancy agreement during the year ended 31 March 2014 with a higher monthly rental.
3. Such property was vacant during the relevant year.
4. As at 31 December 2015, our Group held 137 car parking spaces in Shatin Centre. As at the Latest Practicable Date, we had sold 48 car parking spaces for an aggregate consideration of approximately HK\$53.3 million.

Description of the portfolio for our property investment business

As at 31 December 2015, the following are the properties in our property investment portfolio, each of which had a carrying amount of 1% or more of our Group's total assets as at 30 September 2015:

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

Po Wing Building is located on Percival Street in Causeway Bay on the Hong Kong Island. We acquired Shop AB in 16 February 2015. Shop AB is a retail shop with a SFA of approximately 1,200 sq.ft.

Pursuant to a tenancy agreement dated 18 February 2015 between Oriental Sino, our wholly-owned subsidiary, as the landlord and Wai Yuen Tong (Retail) Limited as the tenant, Shop AB had been leased for a term of three years with a monthly rent of HK\$900,000.

Shop 1 and 2 on Ground Floor, "726 Nathan Road", No. 726 Nathan Road, Kowloon

Shop 1 and 2 is located on the ground floor of No. 726 Nathan Road in Mongkok, Kowloon, which is a Ginza-style commercial building re-developed by our Group during the Track Record Period. The SFA of the property is approximately 1,900 sq.ft.

Pursuant to a tenancy agreement dated 2 December 2014 between City Target, our wholly-owned subsidiary, as the landlord and an Independent Third Party as the tenant, the property had been leased for a term of four years with a monthly base rent of HK\$415,000, or a monthly turnover rent equivalent to 10% of the gross amount of all sums billed or received in the course of the tenant's business at, in or from the property, whichever is higher.

Ground Floor including Cockloft, Foon Shing Building, No. 732 Nathan Road, Kowloon

Foon Shing Building is located in Mongkok, Kowloon. We acquired the retail space on the ground floor (including a cockloft) of Foon Shing Building with a SFA of approximately 2,500 sq.ft. in August 2010.

Pursuant to a tenancy agreement dated 29 January 2015 between Antic Investment, our wholly-owned subsidiary, as the landlord and an Independent Third Party as the tenant, the property had been leased for a term of three years with a monthly rent of HK\$200,000.

BUSINESS

Commercial Unit and Car Parking Space 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

Riviera Plaza is a shopping mall located in Tsuen Wan, New Territories, which was acquired by our Group in July 2013 with an aim to refurbish it into a neighbourhood mall. At the time of acquisition, Riviera Plaza had a GFA of approximately 243,000 sq.ft., with two-storey underground car parking facilities.

As at the Latest Practicable Date, Riviera Plaza had been disposed of and our Group did not hold any interest in Riviera Plaza. 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, the sale and purchase of the property comprising the shopping mall and car parking spaces in Riviera Plaza were completed on 15 February 2016 for a consideration of HK\$823.0 million.

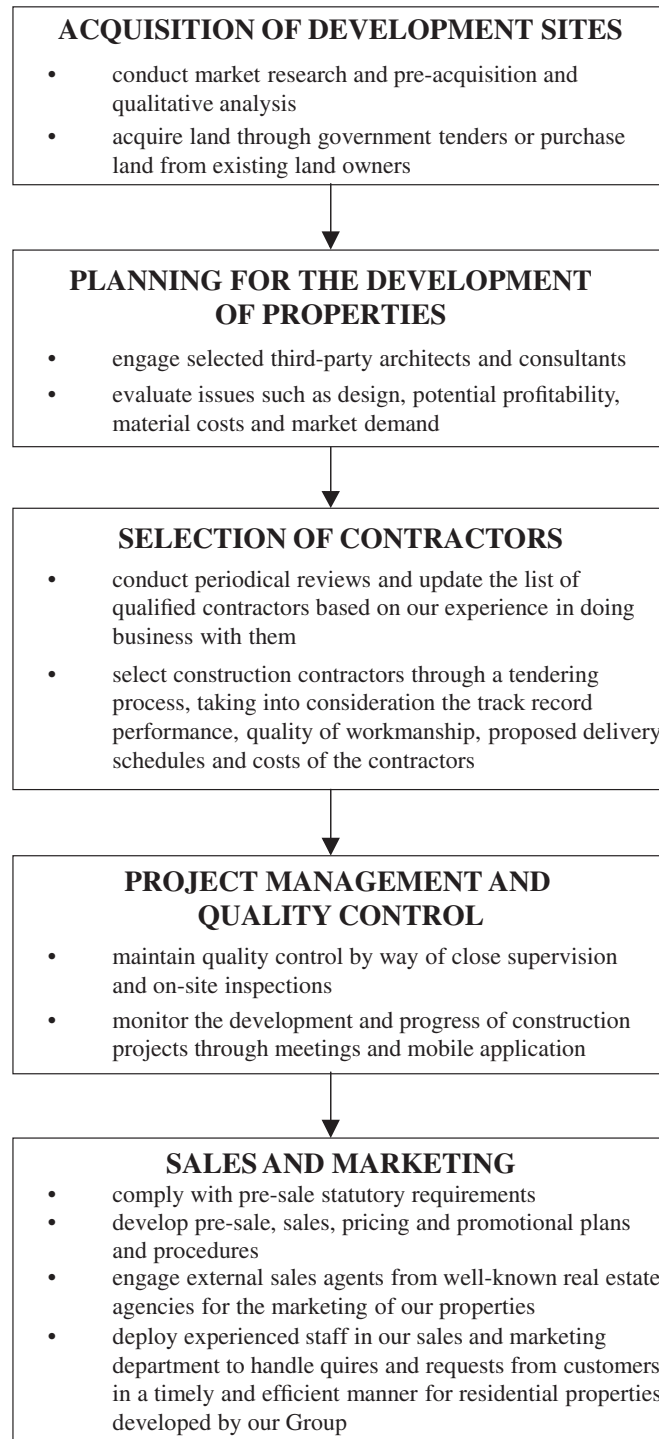
137 Car Parking Spaces on Level 1 of the Podium, Shatin Centre, Nos. 2–16 Wang Pok Street, Shatin, New Territories

We acquired 137 car parking spaces in Shatin Centre on 30 November 2015. We intend to hold these car parking spaces for sale. As Shatin Centre is a residential estate with eight blocks of 27-storey residential towers, we believe that the demand for car parking spaces in Shatin Centre is high. As at the Latest Practicable Date, we had sold 48 car parking spaces for an aggregate consideration of approximately HK\$53.3 million.

BUSINESS

OUR PROPERTY DEVELOPMENT WORKFLOW

The following chart sets out our workflow, illustrating the key stages of our business operation in respect of the development of properties, which include (i) acquisition of development sites; (ii) planning for the development of properties; (iii) selection of contractors; (iv) project management and quality control; and (v) sales and marketing:



BUSINESS

Acquisition of development sites

Our development sites are obtained either through government tenders and purchasing from existing land owners. The decisions relating to the acquisition of development sites are made by our Board upon the recommendations of the general manager of our sales and marketing department after considering proposals presented by a project management team comprising members from our acquisition department, project department, quantity surveying department, sales and marketing department, and finance department.

As at the Latest Practicable Date, our acquisition, quantity surveying and project departments comprising professionally qualified surveyors, is responsible for pre-acquisition evaluation such as conducting site inspections, and carrying out quantitative and qualitative analyses to determine the development feasibility and potential profitability. Based on the findings in macroeconomic and site-specific analyses in respect of each development site, a preliminary building design scheme and the respective building layout plans will be prepared by the acquisition team and the quantity surveying team will estimate the costs for the proposed new development. A budget for each proposed new development will be prepared and a maximum bid price for a particular development site will then be determined based on the estimated construction costs and the target profit margin. Where appropriate, assistance will be sought from the external consultants (for example, architects, engineers, land consultants and surveyors) on issues relating to technical, engineering, design and material costs.

The key factors considered when carrying out development site acquisition are the development site's location, site specific supply and demand conditions, town planning policies, the neighbourhood in which the development site is located, accessibility of the development site by key modes of transportation, the availability of infrastructure or public facilities and certain other features which may enhance or detract from the value of the development site. When entering into a new district, our Group considers numerous factors, including general local economic conditions, income levels and purchasing power of the local residents, potential market growth, completion of the district's development plans and the relevant government policies that may affect the district.

Our professionally qualified surveyors carry out project valuations and are also responsible for all valuations with respect to feasibility studies, acquisitions and land premiums.

Planning for the development of properties

The development process for each proposed new development is also managed by a project management team comprising members from our project department, quantity surveying department, sales and marketing department, and finance department. Issues such as the feasibility, potential profitability, design, material costs, project management, financing, market demand and property management for each proposed new development are evaluated by the team for the development of the project.

The development process begins when a potential development site has been identified. The project management team then formulates an investment plan taking into account the expected return on investment and coordinates with the various departments and consultants to carry out a more in-depth study before a final development plan is sent to the management team for their review and approval.

BUSINESS

When drawing up development plans, the project management team will consider factors including (i) the construction methods used; (ii) certain site-specific characteristics, such as views from the development site, accessibility to the development site, noise level around the development site and the neighbourhood of the development site; (iii) the findings from macro market research (involving studies on the local economy, policies, planning and development and property demand and supply in the region); (iv) the master layout plan design for the development; and (v) the financial modelling based on specific development parameters.

Selection of contractors

We outsource all of the construction-related work for our property development projects to independent construction companies selected by us based on a set of internal criteria. We maintain a list of qualified construction companies which fulfilled the pre-qualifications determined by our Group (including the financial positions and corresponding experience of the construction companies, and professional qualification and permits held by the construction companies) and periodically review and update such list based on our experience in doing business with them. Since engagement of construction companies is project specific, we usually assess and select companies to contract with through tender process, taking into consideration, among other things, their backgrounds, track record performances, quality of workmanship, proposed delivery schedules and costs of the contractors. Apart from our list of qualified construction companies, we also consider referrals from our construction consultants.

Construction contracts we entered into with the selected construction companies contain certain warranties provided by the construction companies with respect to quality and safety requirements, and timeliness of the construction. The contracts also contain payment terms. We are usually required to make monthly payments with reference to the amount of work done at a particular construction site in a particular month, which is certified by the authorised person. The credit period granted to our Group is generally 30 days. During the Track Record Period, payments to our Group's contractors were settled mainly by bank transfers and cheques.

Our contractors are generally responsible for procuring construction materials and materials for external finishes to be used, such as concrete, cement and steel bar. For materials for interior finishes and interior fittings, and appliances for our property development projects, our purchasing team in the quantity surveying department will seek quotes from different suppliers for each item in the market based on the requirement and directions of the sales and marketing department. Since the contract sum as stipulated in the construction contracts with our contractors is fixed, the risk of price fluctuations of the raw materials, including the construction and decoration materials, is usually borne by our contractors. Further, our contractors are also responsible for any quality issues and complaints in relation to construction and construction-related work and liable for defects during the defects liability period. A defects liability period is typically a fixed period of time after a construction project has been completed during which a contractor has the responsibility to rectify any defects identified within a reasonable time. Cost control and construction progress are monitored during the construction period with close on-site supervision and quality control procedures. We also monitor the development and progress of construction projects through meetings and a mobile application. We also have strict measures to ensure the quality of the materials sourced by our contractors. For details on the quality control measures adopted by our Group, please see the sub-section headed "Project Management and Quality Control" below in this section.

BUSINESS

We maintain a list of qualified construction companies for our property development projects in an effort to avoid reliance on any single contractor and to avoid unexpected disruptions to the development of our properties. To the extent possible and subject to prevailing market conditions, any increase in the prices of goods and services supplied will have to be reflected in the property prices. For example, an increase in construction supplies may result in an increase in property prices. In the event that any of our existing suppliers is no longer able to supply goods and services to us or suddenly increases the prices of goods and services supplied, we believe we will be able to identify suitable replacement suppliers with comparable quality and prices in a timely manner. During the Track Record Period, we did not experience any material interruptions to our property development projects.

Project management and quality control

As at the Latest Practicable Date, our quality assurance team had 5 members. The quality assurance personnel are experienced in quality control, and are trained to carry out construction inspection and monitor quality assurance. The quality assurance personnel are generally project-related professional staff whose areas of expertise include mechanical and electrical engineering, building technology and construction management. Some of the quality assurance personnel hold professional memberships in The Chartered Institute of Building and The Hong Kong Institute of Construction Manager. In addition, we encourage our quality assurance team to have regular training regarding quality control standards and procedures.

We place great emphasis on the quality control and inspection of the construction of our properties, including the procurement of construction materials, materials for external finishes, interior finishes and interior fittings, and appliances for our property development projects, to ensure compliance with our quality standard. We believe in maintaining the quality of our development properties. Our quality control is carried out starting from the pre-development phase of our development properties through to the post-development phase.

Pre-development phase

As described in the sub-section headed "Suppliers" below in this section, we maintain a list of qualified construction companies. Our quantity surveying department conducts pre-qualification checks on the construction companies and periodically reviews and updates such list based on our experience in doing business with them. Construction companies are assessed and selected based on various factors including their qualifications, financial strength, experience in projects of similar scale and nature, track record in respect of quality and safety, and price quotations.

Further, our contractors are generally responsible for procuring construction materials, materials for external finishes, interior finishes and interior fittings, and appliances for our property development projects. For materials for interior finishes and interior fittings, and appliances, our contractors are required to procure from the suppliers selected by us to ensure that such materials meet our requirements and specifications.

Development phase

Our project department monitors the property development and progress of the construction projects. Our project department and our quality assurance team are responsible for monitoring the construction projects and implementing quality control measures for construction works on site.

BUSINESS

Our quality assurance team implements on-site construction audits during the construction period, inspect during the handover period, and monitor rectification works for any liable defects during the maintenance/defects liability period of the construction projects.

Our quality assurance team performs regular construction audits on our properties under construction. Areas of material non-compliance relating to construction details, procedures, activities and practices are identified and alerted to the relevant contractors, electrical and mechanical engineer or construction consultants with responsibility for addressing these areas. Monitoring for such non-compliant practices is carried out so as to minimise possible compliance cost and ensure optimum quality. We implement a pro-active approach and preventative measures. Regular review of the construction progress and details in project meetings on a cross-project basis would also be made. When there are incidents of non-compliance requiring remedial work, our professional project department is required to address the corrective and preventive actions on a case-by-case basis.

In May 2015, we launched a mobile application to monitor the progress and workmanship on construction sites. Our quality assurance team members who station at the construction sites of our development projects monitor the sequence of work, progress and workmanship at the construction sites. Daily reports and photos of the construction sites are submitted to the management by our quality assurance team members through the mobile application.

Post-development phase

For residential properties developed by our Group, our quality assurance team and sales and marketing department are responsible for the execution of the cross-departmental guidelines in carrying out re-examination and re-inspection of properties before the handover of properties to purchasers.

Our dedicated sales and marketing department works with our quality assurance team to handle queries and requests from customers in a timely and efficient manner in order to ensure good customer and after-sales service. We generally provide a warranty of at least six months for our self-developed properties. During the Track Record Period, we did not incur any material warranty expense for the properties developed by us.

Sales and marketing

The sale of our residential properties are organised by our in-house sales and marketing department. Our sales and marketing department is primarily responsible for organising promotional campaigns and events to publicise and raise awareness of the properties and liaising with customers in the sale and purchase process. During the Track Record Period and up to the Latest Practicable Date, our Group had not experienced any material delays in delivering our properties in accordance with the sale and purchase contracts.

In Hong Kong, the sale of development properties typically takes place before their completion. After the necessary government approval for pre-sales has been obtained, our sales and marketing department is involved in the setting up of show flats and a pre-sales office for the public to obtain more information about the property project.

BUSINESS

We also engage external sales agents from well-known real estate agencies for the marketing of our properties. Our Group closely follows the prevailing market conditions in formulating our pricing and marketing strategies. Our pricing strategies are based on various factors, including the orientation of the property, view from the property, and popularity of the layout of the units within the property. We adjust the weight of these factors based on customer preferences in the districts in which our development properties are located.

Our marketing strategies include the following elements:

- **Product:** We will design and build the products that are in line with the preferences of our customers in different districts.
- **Pricing:** We set our pricing in accordance with the prevailing market conditions as well as the potential customers’ affordability.
- **Promotion:** We design and implement a wide range of promotional activities to reach out to potential customers’ in different districts including advertising (such as print and online advertising), promotional events, roadshows and direct marketing.
- **Sales Channels:** We aim to expand and optimise the coverage of the potential customer segments by using our internal sales team and external sales agents.

Our Group recognises good customer and after-sales service are keys to the success and sustainability of a corporation. Following this belief, we designate certain experienced sales and marketing staff to handle queries from customers in a timely and efficient manner for residential properties developed by our Group.

With the assistance of our sales and marketing team, our quality assurance team is responsible to execute the cross-departmental guidelines in carrying out re-examination and re-inspection of properties prior to the handover of properties to purchasers. Further details of our quality assurance team are described in the sub-section headed “Quality Control” above in this section.

OUR PROPERTY INVESTMENT PROCESS

We generally acquire properties from the market to hold for sale and investment purposes. Our acquisition team closely monitors the trends and movements of the property market and the macro economy in Hong Kong, and keep abreast of the latest developments of any governmental policies and regulations in relation to the property market. Before acquiring a property, our acquisition team will study, among other things, (i) the supply and demand; (ii) the location; (iii) the prevailing market rate, of such property, before presenting a proposal to our Board.

During the review to decide whether to designate a property as property held for sale or investment property, our management assesses the potential of such property for further capital appreciation in value by considering the following factors including: (i) the location; (ii) the rental yield; (iii) the supply and demand of similar properties in the neighbourhood; (iv) the prevailing market conditions; (v) the proximity to transportation links; and (vi) the existing and future development in the area.

BUSINESS

The leasing of properties that we intend to hold for a longer period of investment for capital appreciation, is organised by our in-house leasing department. The leasing department is involved in tenancy negotiations and overseeing the investment property portfolio of our Group. Third party real estate agents also from time to time introduce new tenants to our Group's investment properties. The agents' fees vary across different properties and at different times, depending primarily on the occupancy level of our property in question and the prevailing agency fee offered by our major competitors at the time. Assessments of market rent are conducted from time to time, having regard to market demand, existing competition and economic factors. As we adopt a flexible investment approach, we may, depending on the property market and the return on investment, dispose of properties that we initially intended to hold for a longer period of investment. Customer service hotlines and counters are set up to seek comments or handle queries from the tenants.

For properties we acquired from the market, which we intend to be re-sold within a short period of time, our acquisition department will work closely with external sales agents, and will report to our Board when the return on investment, usually above 10%, is reached. Our Board will make decisions for the disposal of such properties, after taking into account, among other things, the return on investment, the development of the property market, the capital need of our Group and the opportunities for other property investments.

SUPPLIERS

Our Group's major suppliers during the Track Record Period are based in Hong Kong, consisting mainly of the Hong Kong Government, the owner of development site, construction companies which provide construction, foundation and demolition works, and a firm of architects. During the Track Record Period, we outsourced all of the construction-related work for our property development projects to independent construction companies. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, acquisition cost of land/properties and cost of services certified by authorised person attributable to our five largest suppliers accounted for approximately 97.2%, 92.2%, 98.9% and 68.7% of our total acquisition cost of land/properties and cost of services certified by authorised person, respectively.

BUSINESS

The following table sets out the profile of our five largest suppliers based on the aggregation of acquisition cost of land/properties and cost of services certified by authorised person attributable to them during the Track Record Period:

For the year ended 31 March 2013

Rank	Our supplier	Principal business activities	Year of first cooperation	% of total acquisition cost of land/properties and cost of services certified by authorised person	Relationship with our Group
1	Supplier A	Investment holding	2013	83.5%	Supplier of a development site
2	Supplier B	Provision of construction works	2011	5.5%	Provider of construction works
3	Supplier C	Provision of construction works	2011	3.9%	Provider of foundation/demolition works
4	Supplier D	Provision of foundation works	2012	2.9%	Provider of foundation works
5	Supplier E	Provision of engineering services	2011	1.4%	Provider of foundation works

For the year ended 31 March 2014

Rank	Our supplier	Principal business activities	Year of first cooperation	% of total acquisition cost of land/properties and cost of services certified by authorised person	Relationship with our Group
1	Supplier F	Provision of construction works	2012	36.6%	Provider of construction works
2	Supplier B	Provision of construction works	2011	24.3%	Provider of construction works
3	Supplier G	Provision of building construction works	2013	15.5%	Provider of construction works
4	Supplier C	Provision of construction works	2011	10.0%	Provider of construction works
5	Supplier H	Provision of general construction works	2013	5.8%	Provider of construction works

BUSINESS

For the year ended 31 March 2015

Rank	Our supplier	Principal business activities	Year of first cooperation	% of total acquisition cost of land/properties and cost of services certified by authorised person	Relationship with our Group
1	Hong Kong Government	Government	—	91.2%	Supplier of land
2	Supplier H	Provision of general construction works	2013	3.9%	Provider of construction works
3	Supplier G	Provision of building construction works	2013	3.4%	Provider of construction works
4	Supplier F	Provision of construction works	2012	0.2%	Provider of construction works
5	Supplier I	Provision of architectural services	2010	0.2%	Provider of architectural services

For the six months ended 30 September 2015

Rank	Our supplier	Principal business activities	Year of first cooperation	% of total acquisition cost of land/properties and cost of services certified by authorised person	Relationship with our Group
1	Supplier J	Provision of engineering services	2015	31.5%	Provider of foundation works
2	Supplier H	Provision of general construction works	2013	16.0%	Provider of construction works
3	Supplier K	Provision of construction works	2015	9.6%	Provider of foundation works
4	Supplier C	Provision of construction works	2011	7.1%	Provider of foundation works
5	Supplier B	Provision of construction works	2011	4.5%	Provider of construction works

BUSINESS

For the year ended 31 March 2013, the total acquisition cost of land/properties attributable to our largest supplier, which sold the development site at 575 Nathan Road to our Group, accounted for approximately 83.5% of the total acquisition cost of land/properties and cost of services certified by authorised person of our Group. For the year ended 31 March 2014, the total cost of services certified by authorised person attributable to our largest supplier, which provided construction services to our Group, accounted for approximately 36.6% of the total acquisition cost of land/properties and cost of services certified by authorised person of our Group. For the year ended 31 March 2015, the total acquisition cost of land/properties attributable to our Group's largest supplier, which was the Hong Kong Government, accounted for approximately 91.2% of the total acquisition cost of land/properties and cost of services certified by authorised person of our Group. For the six months ended 30 September 2015, the total cost of services certified by authorised person attributable to our Group's largest supplier, which provided foundation services to our Group, accounted for approximately 31.5% of the total acquisition cost of land/properties and cost of services certified by authorised person of our Group.

Our five largest suppliers during the Track Record Period are Independent Third Parties and, to the best knowledge and belief of our Directors, none of our Directors or their close associates or any Shareholders (which to the knowledge of our Directors beneficially own more than 5% of our Shares) had any interest in any of the five largest suppliers of our Group during the Track Record Period.

Most of our major suppliers including construction companies during the Track Record Period were in general engaged by us on project-basis, the engagements of which generally lasted for over one year. Save for the suppliers of development sites, which do not grant any credit term, our suppliers in general grant us a credit term of 30 days, and we settle our payment mainly by bank transfers and cheques.

REAL ESTATE AGENCIES

While our sales and marketing department is in charge of the overall marketing planning and strategies, our Group also engages real estate agencies for the sale and marketing of all of our development projects. Generally, we engage real estate agencies on a project basis for the pre-sale of a development project. The terms of our standard agency agreement include, among other things, the detailed scope of services to be provided by the real estate agency, the calculation of sales commissions and the payment terms. Our real estate agencies have a discretion in deciding the points of sale, apart from the location of our show flats, for each project. In order to monitor the performance of our real estate agencies, we arrange daily meetings with our real estate agencies during the beginning stage of the pre-sale of each project. Staff members from our sales and marketing department would also station at our show flats and points of sale to understand our customers' needs and preferences, monitor the performance of our real estate agencies, and to ensure that our properties are properly presented.

For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, the total sales commissions we paid to our real estate agencies and charged to profit and loss account amounted to approximately HK\$27.5 million, HK\$46.0 million, HK\$54.9 million and HK\$24.2 million, respectively.

During the Track Record Period, all of the real estate agencies engaged by our Group were Independent Third Parties.

BUSINESS

CUSTOMERS

Our major customers are purchasers of our commercial and residential properties in Hong Kong. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, revenue from our five largest customers accounted for approximately 39.9%, 37.1%, 28.1% and 17.5% of the total revenue of our Group, respectively, and revenue from our single largest customer accounted for approximately 12.2%, 15.1%, 9.1% and 7.3% of the total revenue of our Group for the same periods, respectively.

For the year ended 31 March 2013, the total revenue attributable to our largest customer, which is a purchaser of a shop in Grandeur Terrace in Tin Shui Wai, accounted for approximately 12.2% of the total revenue of our Group. For the year ended 31 March 2014, the total revenue attributable to our largest customer, which is a purchaser of 1/F–2/F of 726 Nathan Road, accounted for approximately 15.1% of the total revenue of our Group. For the year ended 31 March 2015, the total revenue attributable to our largest customer, who is the purchaser of two floors in 726 Nathan Road, accounted for approximately 9.1% of the total revenue of our Group. For the six months ended 30 September 2015, the total revenue attributable to our largest customer, which is a purchaser of a shop in The Met. Delight, accounted for approximately 7.3% of the total revenue of our Group.

Our five largest customers during the Track Record Period are Independent Third Parties and, to the best knowledge and belief of our Directors, none of our Directors or their close associates or any Shareholders (which to the knowledge of our Directors beneficially own more than 5% of our Shares) had any interest in any of the five largest customers of our Group during the Track Record Period.

During the Track Record Period, our Group’s major customers consisted mainly of purchasers of development properties.

PROPERTY VALUATION

A full list of the properties held and leased by our Group as at 31 December 2015 and a summary of the values of such properties issued by the Property Valuer are set out in “Appendix III — Property Valuation” to this [REDACTED]. The full property valuation report issued by the Property Valuer is available for inspection as described in the section headed “Documents Available for Inspection” in Appendix VI to this [REDACTED].

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A reconciliation of the net book value of the properties as at 30 September 2015 (as stated in the accountants’ report as set out in Appendix I to this [REDACTED]) to their fair value as at 31 December 2015 (as stated in “Appendix III — Property Valuation” to this [REDACTED]) is set out below:

	<i>HK\$ million</i>
Net book value as at 30 September 2015	
Investment properties	1,146.5
Properties under development	2,737.1
Properties held for sale	<u>75.5</u>
Total combined net book value as at 30 September 2015	3,959.1
Net changes during the period from 1 October 2015 to 31 December 2015 (<i>Note</i>)	<u>104.6</u>
Total	4,063.7
Add: Valuation surplus	<u>486.1</u>
Gross valuation as at 31 December 2015 as set out in “Appendix III — Property Valuation” to this [REDACTED]	<u><u>4,549.8</u></u>
Gross valuation attributable to our Group	<u><u>4,027.8</u></u>

Note: Comprises additions and disposals during the period from 1 October 2015 to 31 December 2015.

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Valuation approach and key assumptions

The following information is extracted from the property valuation reports of the Property Valuer set out in “Appendix III - Property Valuation” to this [REDACTED]. You should note that the market values of the properties prepared by the Property Valuer were based on certain assumptions which may be subject to changes and may not be realised. For further details, please see the paragraph headed “Risk Factors — Risks Relating to Our Group and Our Business — The appraised values of our properties may be different from the actual realisable value”.

Property Group	Market Value in existing state attributable to our Group as at 31 December 2015 <i>(HK\$ million)</i>	Valuation approach and key assumptions	Page no. of “Appendix III — Property Valuation” to this [REDACTED]
Group I — Properties held by our Group for investment	598.5	<p>Investment Approach on the basis of capitalisation of rental income derived from the existing tenancies (if any), with due allowance for reversionary potential of the property or, where appropriate, Direct Comparison Approach by making reference to comparable sales evidence as available in the relevant market subject to suitable adjustments between the subject properties and the comparable properties.</p> <ul style="list-style-type: none"> ● Market unit rent per month of HK\$143 to HK\$748 on SFA basis. For details, please refer to the paragraph headed “Property Valuation — Valuation Approach and Key Assumptions — Market unit rent per month and capitalisation rate of our properties held for investment” below in this section. ● Capitalisation rate of 2.6% to 6.6%. For details, please refer to the paragraph headed “Property Valuation — Valuation Approach and Key Assumptions — Market unit rent per month and capitalisation rate of our properties held for investment” below in this section. ● Market unit price of HK\$5,683 on SFA basis 	III-5 to III-6, III-9 to III-16

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Property Group	Market Value in existing state attributable to our Group as at 31 December 2015 (HK\$ million)	Valuation approach and key assumptions	Page no. of “Appendix III — Property Valuation” to this [REDACTED]
Group II — Properties held by our Group for sale	1,056.3	<p>Direct Comparison Approach where comparison based on prices realised or market prices of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at the valuation.</p> <ul style="list-style-type: none"> ● Market Unit Price <ul style="list-style-type: none"> a. HK\$6,218 to HK\$72,165 on SFA basis b. HK\$1,187,299 per car parking space c. HK\$2,884 on GFA basis (only for the commercial unit and car parking spaces in Riviera Plaza in Tsuen Wan, Property No. 16 in Appendix III to this [REDACTED]) 	III-6, III-17 to III-22
Group III — Properties under development	2,003.0	<p>Direct Comparison Approach where comparison based on prices realised or market prices of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at the valuation.</p> <ul style="list-style-type: none"> ● Market Unit Price of HK\$4,021 to HK\$16,895 on GFA basis 	III-7, III-23 to III-26
Group IV — Properties held by our Group for future development	370.0	<p>Direct Comparison Approach where comparison based on prices realised or market prices of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at the valuation.</p> <ul style="list-style-type: none"> ● Market Unit Price of HK\$1,362 on GFA basis 	III-8, III-27 to III-28
Group V — Properties rented by our Group	No commercial value	N/A	III-8, III-29

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Market unit rent per month and capitalisation rate of our properties held for investment

As at 31 December 2015, the market unit rent per month on SFA basis and capitalisation rate of our properties held for investment were as follows:

Property	Market unit rent per month on SFA basis (HK\$/sq.ft.)	Capitalisation Rate
Shop B on Ground Floor Nos. 106–108 Shau Kei Wan Road Hong Kong	154	4.8%
8th Floor, Kingsun Computer Industrial Building No. 40 Shek Pai Wan Road Hong Kong	N/A (Note)	N/A (Note)
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	748	4.5%
Ground Floor including Cockloft, Foon Shing Building No. 732 Nathan Road Kowloon	143	2.6%
Shops A, B and C on Ground Floor of No. 111 Ma Tau Wai Road Kowloon	181	3.1%
Shop 1 and 2 on Ground Floor, 726 Nathan Road No. 726 Nathan Road Kowloon	223	3.6%
Shop 6 on Ground Floor, Grandeur Garden Nos. 14–18 Chik Fai Street, Nos. 55–65 Tai Wai Road Shatin New Territories	292	5.1%
Shop 3 on Level 1, Jade Plaza, No. 3 On Chee Road Tai Po, New Territories	154	6.6%

Note: This property was vacant as at 31 December 2015. The Property Valuer adopted direct comparison method, and the market unit price of such property as at 31 December 2015 was HK\$5,683 on SFA basis.

MARKET AND COMPETITION

According to the DTZ Market Report, the property market in Hong Kong has traditionally been dominated by a few large-scale local developers which are listed on the Stock Exchange. However, there has been a growing number of small-to-medium listed companies and private companies which participate in the property market in the past decade. In recent years, developers based in China have also entered into the Hong Kong property market and are active in the Hong Kong property market. According to the DTZ Market Report, based on the total residential units pre-sold from January 2011 to

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September 2015, the top five property developers listed on the Stock Exchange together accounted for approximately 80.7% of the total number of pre-sold residential units from January 2011 to September 2015. Despite the competitive environment, our Directors believe we have been able to achieve satisfactory sales. For more information on the industry in which our Group operates, please see the section headed “Industry Overview” in this [REDACTED].

Our Group competes with other property developers in bidding for development sites at government tenders as well as in private sale of prospective development sites. Once it has developed a property, our Group competes with other property developers for purchasers. With respect to tenants, our Group competes primarily based on the quality and location of the properties we hold.

Despite the competitive environment, we have been able to achieve satisfactory sales and maintain high average occupancy rates for our investment properties. Our Directors believe this is partly due to our brand, the strategic locations of our properties and the quality of our properties.

We intend to expand our market share as a property developer in Hong Kong and create value for our Shareholders through (i) continuing to focus predominately on developing residential and commercial properties in locations accessible by public transportation; (ii) maintaining a prudent land bank strategy; (iii) improving the mix of the portfolio for our property investment business; (iv) promoting our brand recognition in Hong Kong; and (v) continuing to attract, retain and motivate skilled and talented workforce. Our competitive strengths include the following:

- we successfully established “The Met.” brand in Hong Kong;
- we have a broad range of properties for development and investment;
- we have an experienced and stable management team which is able to understand the needs and preferences of the target buyers of our properties and the target tenants of our properties, and respond swiftly to market demand; and
- we have an established business model where we strategically hold selected properties for investment for recurring rental income and capital appreciation.

Details of our Group’s competitive strengths are set out in the sub-section headed “Our Competitive Strengths” in this section.

CORPORATE SOCIAL RESPONSIBILITY

While we endeavour to promote business development and strive for greater rewards for our Shareholders, we acknowledge our corporate social responsibility to share some burden in building the society where our business has been established and thrived. During the Track Record Period, our Group made charity donations to organisations included Yan Oi Tong, Hong Kong New Arrivals Services Foundation Limited, Live In Harmony Fund Limited and Chi Lin Nunnery. In light of the ever greater disparity between rich and poor in Hong Kong society developed in recent years, people from the lower class face escalating pressure in making a living. Years of this group of people are not only on tangible resources and financial support, but also care and respect from the general public.

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EMPLOYEES

As at the Latest Practicable Date, we had 56 full-time employees in Hong Kong. A breakdown of our employees by function as at the Latest Practicable Date is set forth below:

Function	As at the Latest Practicable Date
Management	3
Acquisitions Department	4
Project Department	8
Quantity Surveying Department	6
Quality Assurance Department	5
Leasing Department	2
Finance Department	7
Sales and Marketing Department	6
Administration, Human Resources, Information Technology and Legal Departments	15
Total:	56

Our employees are our important asset and the primary driving force for our sustainability and growth. We generally recruit our employees from the open market via various channels such as recruitment advertisements, executive search networks and referrals from our employees. In pursuing greater diversity in the workforce, we advocate equality irrespective of gender, age, disability, marital status, pregnancy, family status, sexual orientation and race, as outlined in our employee handbook.

To help nurture professional talents and to promote overall efficiency, employee loyalty and retention as well as to enable individuals to perform current or future jobs successfully, we provide both on-the-job and external training which include staff orientation on the first day of joining us, anti-corruption training, first-aid training together with professional membership reimbursements, etc. To help nurture promising young talent, we have a management trainee programme. Such two-year management trainee programme identifies some high performing candidates each year and provides them with training opportunities and exposure to a diverse range of projects and practical experience, and is designed to facilitate personal and career development.

We offer fair, equitable and competitive remuneration packages to our employees. In addition to salaries, we provide discretionary bonuses based on individual performance and our business performance, medical insurance coverage and a wide range of leave entitlements, such as annual leave, full-pay sick leave, marriage leave, maternity leave, paternity leave, compassionate leave and examination leave. We also provide a defined contribution to the Mandatory Provident Fund (“MPF”) as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for our eligible employees in Hong Kong. To show our gratitude to the continuous efforts of our employees, we also offer long serving employees awards to those who served our Group for a long time as a token of appreciation.

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We incurred employee benefit expenses (including salaries, directors’ remuneration and pension scheme contributions) of approximately HK\$51.0 million, HK\$74.2 million, HK\$98.5 million and HK\$50.8 million for the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, respectively.

We place great emphasis on performance assessment and communication mechanism. Reporting and feedback mechanism have been in place to regularly review the performance of our employees. We make reference to such performance reviews in determining employees’ discretionary bonus, salary review and promotional appraisal, in order to attract and retain talented employees.

We recognise the importance of employee well-being in ensuring consistent performance at work. We continued to organise work-life balance activities and training to improve our employees’ physical and mental health, such as cooking class, bakery class, yoga class, outings, etc. We are committed to maintain good working relationship with our employees. There had not been any labour strike within our Group during the Track Record Period and up to the Latest Practicable Date.

ENVIRONMENTAL MATTERS

We have taken measures to promote environmental-friendliness of our workplace by encouraging paper-recycling culture and energy-saving culture within our Group. For examples, office lighting is automatically switched off during lunch time and at 6:30 p.m. on working days and notices are placed near air-conditioner switches to remind our staff to save energy.

Our Group also participated in the BEAM Plus assessment scheme, a comprehensive environmental assessment scheme for buildings recognised by the Hong Kong Green Building Council, for the development of some of our properties, including The Met. Delight and the Hang Kwong Street Project, by engaging a third-party consultancy company for the provision of services in respect of BEAM Plus Certification and other environmental assessments.

During the Track Record Period, we outsourced all of the construction-related work for our property development projects to independent construction companies. Our contractors in relation to our property development business are subject to various environmental laws and regulations, including those relating to waste disposal, water pollution control, air pollution control, drainage control and noise control.

During the Track Record Period, none of our properties received any material fines or penalties associated with the breach of any environmental laws or regulations.

INTELLECTUAL PROPERTY

We use the brand name of “**the met**” in marketing our self-developed residential properties to potential purchasers and intend to use the brand name of “**LADDER**” in marketing our self-developed commercial properties to potential purchasers and their respective potential tenants. As at the Latest Practicable Date, Wang On Corporate had applied for the registration of the above two trade marks in Classes 19, 35, 36 and 37 in Hong Kong. The legal advisers of our Company and Wang On Corporate in respect of the applications for registration of these trade marks in Hong Kong in Classes 19, 35, 36 and 37 filed in the name of Wang On Corporate (the “**Trade Marks Lawyers**”) are of the view that the applications will be assessed based on, among other factors, the Trade Marks Ordinance (Chapter 559 of

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the Laws of Hong Kong) (the “**Trade Marks Ordinance**”), the relevant case law and the guidelines of the Trade Marks Registry of Hong Kong (the “**Registry**”). Wang On Corporate had applied to the Registry for searches against the aforementioned trade marks and for preliminary advice from the Registry on the registrability of these trade marks in Classes 19, 35, 36 and 37 in Hong Kong. The search report from the Registry for the “**LADDER**” mark dated 18 February 2016 did not reveal any earlier trade mark registrations or any issues regarding registrability. Wang On Corporate’s application to register the “**LADDER**” mark in respect of Classes 19, 35, 36 and 37 was published on 26 February 2016. The search report from the Registry for the “**the met**” mark dated 18 February 2016 revealed 3 earlier trade mark applications/registrations. The Registry refused its application to register the “**the met**” mark in Class 36 due to these 3 earlier trade mark registrations. The deadline to respond to the Registry’s refusal falls on 18 August 2016. Wang On Corporate is currently considering whether to abandon its application to register the “**the met**” mark in Class 36 and continue the application in Classes 19, 35 and 37. Subject to further opinion and final decision of the Registry, as well as any successful opposition(s) raised by 3rd party/parties during the publication period, and subject to Wang On Corporate’s compliance with the Trade Marks Ordinance stated above and criteria set out in the relevant case law and guidelines of the Registry (and any other criteria as may be imposed during the approval process) to the satisfaction of the Registry, the Trade Marks Lawyers are of the view that there is no legal or practical impediment to registering the “**LADDER**” mark in Classes 19, 35, 36 and 37 and the “**the met**” mark in Classes 19, 35 and 37 in Hong Kong. Further details of such intellectual property rights are set out in the section headed “Statutory and General Information — B. Further Information about the Business — 2. Intellectual Property Rights” set out in Appendix V to this [REDACTED].

During the Track Record Period, we were not involved in any dispute or infringement of intellectual property rights. As at the Latest Practicable Date, we were not aware of any material infringement (i) by our Group of any intellectual property rights owned by any third parties, or (ii) by any third party of any intellectual property rights owned by us, that would constitute material adverse impact to our operations.

INSURANCE

Our Directors consider that our properties, completed and under development, are in general insured to standards in line with industry practice in Hong Kong. In addition to statutory required insurances, our Group purchases other insurances, where our management considers necessary, to cover the major risks identified by our Group. The principal insurances in place for completed properties are property all risks insurance and third party liability insurance. The principal insurances in place for our properties under development are contractors all risks insurance. The principal insurances in place for our investment properties are property all risks insurance.

We review our insurance policies from time to time. During the Track Record Period, there were no significant or unusual excess or deductible amounts under these policies and our Directors are of the view that the insurance coverage under these policies is adequate and customary for our industry.

However, there may be certain risks for which our Group is not insured and may not have sufficient insurance coverage for damages and liabilities that may arise in the course of our Group’s business operations. For further details, please see the paragraph headed “Risk Factors — Risks Relating to Our Group and Our Business — We may suffer losses arising from uninsured risks” in this [REDACTED].

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Upon the [REDACTED], our Company intends to purchase and maintain insurance for our Directors and certain officers against liabilities to third parties that may be incurred in the performance of their respective duties.

HEALTH AND SAFETY

We are subject to the health and safety requirements in Hong Kong. We have internal policies and systems in place designed with a view to implementing and ensuring compliance with such requirements. We believe that we were in compliance with such requirements during the Track Record Period and up to the Latest Practicable Date in all material respects. Our liability to our employees is covered by insurance, which we are required by law to have. We do not have an insurable interest in relation to the employees of our contractors. Our contractors are required by applicable laws to have insurance which covers their liabilities to their employees.

First-aid training and annual medical checks are also provided to employees in certain job positions. Besides, safety consultants are engaged to carry out routine inspections of the safety conditions on construction sites. To ensure hygienic working conditions, cleaning of air-conditioning systems and disinfection treatment of carpets are carried out at regular intervals.

During the Track Record Period and up to the Latest Practicable Date, we did not encounter any material safety accident. There were no material claims for personal or property damages and no material compensation was paid to our employees in respect of personal or property damages.

COMPLIANCE WITH LAWS AND REGULATIONS

A summary of the key laws and regulations which are applicable to our Group’s operations is set out in the section headed “Regulatory Overview” in this [REDACTED]. During the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant laws and regulations in relation to our business in all material respects and there were no material breaches or violations of the laws or regulations applicable to our Group that would have a material adverse effect on our business or financial condition taken as a whole.

Matters relating to some of our properties

During the Track Record Period, there were instances of non-compliance with building-related statutory provisions in respect of the following three properties held for investment:

(i) Property A:

A fire safety compliance order in relation to the installation of sprinkler system was issued to one of the subsidiaries of our Group and such subsidiary was fined for HK\$1,000 for failure to comply with a fire safety direction within the prescribed timeframe. An application letter requesting liaison has been sent to the Fire Services Department (“FSD”) and an application for relaxation of the fire safety direction will be made, after preliminary discussion meetings with the case officer from the FSD, by an authorised person on behalf of our subsidiary that owns the property, with reference to the FSD’s Circular Letter No. 3/2007 (the “**Circular Letter**”) pursuant to which the FSD may relax the compliance requirement in light of practical difficulties that may arise in carrying out the relevant work. As of the Latest

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Practicable Date, the final implementation scheme with possible relaxation is still pending to be discussed with and approved by the FSD. Our Directors have been advised by the authorised person that: (a) in his professional experience, liaison on relaxation from full compliance with fire safety directions involving building and installation works will be liaised between an authorised person and the FSD, (b) the FSD adopts a flexible and pragmatic approach in handling cases in which owners encounter practical difficulties, as described in the said Circular Letter, in complying with the new fire safety standards prescribed under the Fire Safety (Buildings) Ordinance (Chapter 572 of the Laws of Hong Kong), (c) after having assessed the building in question, the authorised person is of the view that full compliance with the current fire safety directions is difficult to implement due to additional structural loading and unavailability of common area to accommodate such installation, and (d) save for the matters required to be done under the fire safety direction, no further upgrading works relating to fire service installations are required for Property A under current statutory requirements. Having considered the authorised person's advice, the Directors are not aware of any other fire safety concerns in connection with the non-installation of a sprinkler system at Property A. The authorised person is also of the view (and the Directors agree) that based on his experience and similar cases in respect of which relaxation was granted, it is reasonable to believe that, according to the Circular Letter, the constraints of Property A are entitled to the relaxation, subject to the final decision of FSD. The timeline for the relaxation granted depends on each individual case, and for this case, the authorised person expects the relaxation to be granted within 12 months after submission of the relaxation proposal according to his previous experience subject to the cooperation of the incorporated owners or co-owners of the property.

(ii) Property B:

A notice was issued to all owners of the building (where our Group holds a shop on the ground floor and an ancillary cockloft) requiring all owners to carry out a statutorily prescribed inspection (and repair, if necessary) in respect of windows in the common parts of the building. The subject matter of the notice has been rectified and the Buildings Department has issued a letter certifying compliance which is pending registration at the Hong Kong Land Registry.

(iii) Property C:

- (a) An order was issued to all owners of the building (where our Group holds three shops on the ground floor) ordering removal of a structure and canopy attached to the external wall of the entrance of the building and reinstatement of the parts of the building so affected. The said work has been completed by government consultant/contractor appointed by the Building Authority and a notice of completion was issued stating that the co-owners are responsible for the costs of work done. Taking into account the nature and extent of the work done, our Directors estimate that the portion of rectification costs to be borne by our Group will not exceed HK\$15,000.
- (b) A fire safety direction was issued to all owners of the building (where our Group holds three shops on the ground floor) directing the compliance with certain fire safety construction requirements including requirements in respect of exit route and windows.

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An application to the Fire Services Department for relaxation from compliance with the fire safety direction is being prepared and is subject to liaison with, and the final approval of the authority. The authorised person is of the view (and the Directors agree) that based on his experience and similar cases in respect of which relaxation was granted, it is reasonable to believe that, according to the Circular Letter, the constraints of Property C are entitled to the relaxation, subject to the final decision of FSD. The timeline for the relaxation granted depends on each individual case, and for this case, the authorised person expects the relaxation to be granted within 12 months after submission of the relaxation proposal according to his previous experience subject to the cooperation of the incorporated owners or co-owners of the property.

The existence of the above issues do not prevent the subject property from being bought, sold or being suitable for acceptance by banks as security for mortgage loans under Hong Kong law. Whether a purchaser accepts title to these properties subject to such issues, or seeks to exercise the right to refuse completion, may be driven by that purchaser's perception as to how the property market will perform in the future. If a person does not contractually agree to purchase the property subject to such issues, no sale may occur. If a person is prepared to accept such issues on the property, the sale will proceed. Generally, upon the completion of the sale and purchase of a property (i.e. upon the tender of the relevant deed of assignment duly executed by the purchaser and payment of the balance of the purchase price to the vendor), the purchaser is deemed to have accepted title of a property, be it "good title" or otherwise, and absent fraud or specific contractual agreement otherwise, there is no right of rescission of a completed contract of sale and purchase of a property.

In our Directors' view, given that (i) the notice and most of the directions and orders as disclosed above are issued to all owners of the relevant buildings; (ii) our Group has taken reasonable steps to comply and/or procure compliance with such notice, directions and orders where practicable; and (iii) the amount of the fine in relation to Property A as disclosed above was not significant, our Directors consider that the above incidents do have no material adverse impact on our Group's business, financial condition and results of operations.

In addition to the above, there are some unauthorised building works in some of our Group's properties held for investment which have been leased out. The authorised person has confirmed that these building works represent contraventions of section 14 of the Buildings Ordinance by persons who commence or carry out such work. As these works were not commenced or carried out by our relevant subsidiaries, they do not themselves represent contraventions of section 14 of the Buildings Ordinance by the relevant subsidiaries of our Group. The relevant subsidiaries of our Group have nevertheless demanded (in respect of building works done by tenants) that the relevant tenants remove such building works, and will consider taking legal action against these tenants for any loss that the relevant subsidiaries of our Group may suffer as a result of such works. Having considered the foregoing and also taking into account that any forced entry and rectification may result in unlawful trespass by the relevant subsidiaries of our Group, and that the relevant subsidiaries of our Group may be sued for damages in respect of any interruption to the tenants' business which may ensue, our Directors are of the view that no further steps are required to be pursued in the near future. The authorised person has confirmed that save for these building works, based on the findings from a site visit to the Group's investment properties conducted in November and December 2015, there is no other unauthorised building work in breach of the Buildings Ordinance and/or other building work-related statutory

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provisions. In the event the Group suffers any loss arising as a result from non-compliant building works carried out by a third party, we will consider taking the necessary legal actions in seeking compensation from such third parties where practicable and in the interest of the Group.

LITIGATION, CLAIMS AND ARBITRATION

As at the Latest Practicable Date, save as disclosed below, no member of our Group was engaged in any litigation, claim or arbitration of material importance nor, to the best of our knowledge, is any litigation, claim or arbitration of material importance pending or threatened against any member of our Group:

(1) Sale and purchase of a property:

a dispute in respect of our forfeiture of a part payment in the sum of HK\$6,600,000 paid by a purchaser of one of our developed commercial units (the “**Unsold Property**”) following purchaser’s failure to complete the purchase of the unit. The purchaser, Tin Shi Enterprise Development Limited (天時企業發展有限公司), was an Independent Third Party and it alleged that our forfeiture of the part payment is in breach of an agreement (i) to extend time for completion of the purchase; and (ii) to grant a loan to the purchaser for completing the purchase. The purchaser claimed return of the part payment in the sum of HK\$6,600,000 and sought damages for an unspecified sum for these breaches of contract together with interest and costs. As at the Latest Practicable Date, the matter was still pending and had not yet been set down for trial. As the case is still pending judicial resolution, that it involves claims by the claimant for damages in an unspecified sum (in addition to the return of HK\$6,600,000 forfeited by us), and that we have not received any court document with clear basis of how the claimant assesses the extent of damages it is entitled to claim (if at all), our Directors are of the view (and concurred by DLA Piper Hong Kong, the legal advisers of our Company handling these proceedings (the “**Litigation Counsel**”)) that they are not in a position to ascertain the quantum of the claim;

(2) Subsequent auctioning of the Unsold Property:

(i) a writ issued in the District Court was registered at the Land Registry in December 2015 against the Unsold Property. The plaintiff under the action (the “**First Claimant**”), Join Win Holdings Limited (中永集團有限公司) was an auctioning party in the auction for the sale of that property who had presented a dishonoured cheque after entering the winning bid at the auction, and who had failed to complete the sale and purchase of the property with us. It sought under the writ for a court declaration to confirm the existence of a sale and purchase agreement, an order prohibiting sale of that property by our Group to any other person, and compensation (without specifying the sums claimed) for breach of contract together with interests and costs. The First Claimant had on a number of occasions in the past brought similar claims against our Group in respect of the same matter and registered writs of summons against the Unsold Property at the Land Registry but had not indicated to us any intention to consummate the sale and purchase of the Unsold Property. Our Group had successfully vacated registration of the writs in those actions against the Unsold Property and obtained a winding-up order in late December 2015 against the First Claimant. As at the Latest Practicable Date, the said writ had not been served on our Group and to the Directors’

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knowledge, no further legal action had been taken by the First Claimant. As we had not been provided with any further court document as at the Latest Practicable Date indicating the basis of how the First Claimant assesses the extent of damages it is entitled to claim (if at all), our Directors are of the view (and the Litigation Counsel agrees) that they are not in a position to ascertain the quantum of the claim. Our Group has agreed with the liquidators for the First Claimant to apply to the court by way of Consent Summons that the action commenced by writ will be discontinued and that registration of the writ against the property will be vacated. The Consent Summons was signed on 22 February 2016 and no court order had been granted as at the Latest Practicable Date;

- (ii) a writ of summons issued in the District Court was registered at the Land Registry in November 2015 against the Unsold Property. The plaintiff in this action (the "**Second Claimant**"), All Cheer Industrial Limited 安志實業有限公司, claimed that it had an agreement of cooperation with the First Claimant to acquire the Unsold Property. The Second Claimant sought under the writ for a court declaration to confirm the existence of a sale and purchase agreement an order to compel sale of the Unsold Property to the Second Claimant, and, an order prohibiting sale of that property by our Group to any other person and an order for costs. The Second Claimant is unknown to our Group, had not entered into any sale and purchase agreement with our Group and had not indicated to us any intention to consummate the sale and purchase of the Unsold Property. The Second Claimant had not served the writ on our Group and to the Directors' knowledge, no further legal action had been taken by the Second Claimant as at the Latest Practicable Date. As we had not, as at the Latest Practicable Date, been provided with any further court document indicating any claim for damages for the Second Claimant or the basis of how the Second Claimant assesses the extent of any such claim it is entitled to (if at all), our Directors are of the view (and the Litigation Counsel agrees) that they are not in a position to ascertain the quantum of the claim. At a hearing on 3 February 2016, the court granted an order that registration of the writ against the Property be vacated. The order is being registered in the Land Registry. We have also applied to strike out the action against our Group and a hearing of the application is fixed on 25 April 2016.
- (iii) Personal injuries claim by a pedestrian who fell onto the pavement outside our construction site:

We received in February 2016 a notification of claim by a pedestrian in respect of an accident (which took place in 2013) whereby that person fell onto the pavement outside one of our property's construction site. As at the Latest Practicable Date, we had not been informed of the amount claimed by the pedestrian and have only been provided with the claimant's medical report and medical receipts amounting to HK\$2,473. We are given to understand that on 15 February 2016 the claimant issued a writ of summons in the District Court with action number DCPI 291 of 2016 naming City Target as one of the defendants and claiming demagers for personal injury. Save for the foregoing, we had not been served any court documents containing information in the amount of claims from the claimant and the amount of such claim was unknown as at the Latest Practicable Date. As such, our Directors are of the view (and the Litigation Counsel

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agrees) that they are not in a position to assess the likely quantum of such claims. The claimant has requested from us the details of our insurers and we are currently liaising with our insurers and legal advisers to evaluate the merits of the claim. As the claimant's legal advisers had indicated that they would advise the claimant to enter into negotiations for settlement at this stage by all suitable means, we will also consider settlement with the claimant as and where appropriate.

Taking into account the nature and the extent of the claims, and having reviewed our Group's position in these claims, the Directors believe that they do not have any material adverse effect on the Group's overall business operations, financial position and reputation. Save for the aforesaid, as at the Latest Practicable Date, no other member of the Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against the Group, that would have a material adverse effect on its business, results of operations or financial condition.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Our Board consists of six Directors, comprising two executive Directors, one non-executive Director and three independent non-executive Directors. The following table sets forth certain information in respect of our Directors:

Name	Age	Date of joining our Group	Date of appointment as Director	Position and principal responsibilities	Relationship with other Directors and senior management
Executive Directors					
Mr. WONG Yiu Hung Gary (黃耀雄)	59	23 February 2004 (left in February 2008 and re-joined in December 2013)	3 December 2015	Chief executive officer, executive Director, the chairman of the executive committee and a member of the remuneration committee of the Company; responsible for strategic planning and the overall management and supervision of operations of our Group	Nil
Mr. TANG Ho Hong (鄧灝康)	28	6 January 2011	3 December 2015	Executive Director, a member of the nomination and executive committees of the Company; responsible for the overall management and supervision of operations of our Group	Nil
Non-executive Director					
Mr. CHAN Chun Hong (陳振康)	52	10 March 1997	23 December 2015	Non-executive chairman, the chairman of the nomination committee and a member of the remuneration committee of the Company; responsible for formulating overall strategies and the overall corporate development of our Group	Nil
Independent non-executive Directors					
Mr. LI Wing Sum Steven (李永森)	59	17 March 2016	17 March 2016	Independent non-executive Director, the chairman of the audit committee and a member of the remuneration and the nomination committees of the Company; responsible for supervising the management of our Company	Nil
Mr. SUNG Tze Wah (宋梓華)	69	17 March 2016	17 March 2016	Independent non-executive Director and a member of the remuneration, the audit and the nomination committees of the Company; responsible for supervising the management of our Company	Nil
Sr. Dr. LEUNG Tony Ka Tung (梁家棟)	66	17 March 2016	17 March 2016	Independent non-executive Director, the chairman of the remuneration committee and a member of the audit and the nomination committees of the Company; responsible for supervising the management of our Company	Nil

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Wong Yiu Hung Gary (黃耀雄), aged 59, is our chief executive officer and executive Director. He is appointed as an authorised representative, the chairman of the executive committee and a member of the remuneration committee of the Company. Mr. Wong is primarily responsible for strategic planning and the overall management and supervision of operations of our Group. He also serves as a director of most of the subsidiaries of our Group. Mr. Wong graduated from Lingnan College (now known as the Lingnan University) after completing a four-year full-time course in Accounting and Marketing in November 1979.

Mr. Wong’s previous work experience includes:

Period	Name of company	Position(s) held	Key roles and responsibilities
July 1986 to October 1994	Chinachem Group	Manager	Site acquisition, product design, sales and marketing, leasing and management of properties
January 1995 to December 1997	Henderson Land Development Co. Ltd.	Joined as a manager in general manager department and was then promoted to deputy general manager in customer services department	Co-ordination of sales and marketing activities and carpark management of Henderson group
February 2004 to February 2008	WOG	General manager of the property development department (sales and marketing)	Responsible for sales and marketing of property development projects
February 2008 to July 2015	Easy One Financial Group Limited (formerly known as PNG Resources Holdings Limited), a company listed on the Main Board	Director	Responsible for property development and sales and marketing in the PRC

After working as a general manager of WOG’s property development department (sales and marketing) from February 2004 to February 2008, Mr. Wong re-joined the Group in December 2013 as the director (sales and marketing) of the property development department. He has over 30 years of

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experience in property development, leasing, sales and marketing. He plays a strategic role in property acquisition, investment and development in both commercial and residential properties, especially in Hong Kong property market.

Mr. Wong was a director of the companies below, which were deregistered or struck off as these companies ceased to carry on business. As confirmed by Mr. Wong, each of these companies was dormant at the time when they were dissolved and so far as he was aware, the dissolution of these companies has not resulted in any liability or obligation being imposed against him.

Name of company	Place of incorporation	Nature of business	Means of dissolution	Date of dissolution	Reason for dissolution
Caltex Investment Limited	Hong Kong	Investment holding	Deregistration	22 March 2013	Dormant
Keytech Investment Limited	Hong Kong	Investment holding	Deregistration	8 February 2013	Dormant
Lucky Century Limited	Hong Kong	Investment holding	Deregistration	19 April 2013	Dormant
Pascal International Limited	Hong Kong	Property holding	Strike-off	21 March 2003	Dormant
Pearly Concept Limited	Hong Kong	Property holding	Deregistration	8 April 2004	Dormant
Rich Fine Limited	Hong Kong	Investment holding	Deregistration	28 December 2012	Dormant
Superial Management Limited	Hong Kong	Provision of consultancy services	Deregistration	22 December 2000	Dormant
Supermix Investment Limited	Hong Kong	Investment holding	Deregistration	28 December 2012	Dormant

Mr. Tang Ho Hong (鄧灝康), aged 28, is our executive Director. He is appointed as a member of the executive committee and the nomination committee of the Company. Mr. Tang is primarily responsible for the overall management and supervision of operations of our Group, including overseeing property sales and leasing, asset management and investment, and strategic planning on long and short term development.

Mr. Tang has over 5 years of experience in property and land matters. He joined WOG in January 2011 where he focused on property acquisition in Hong Kong and acquired his experience in the property development, management and investment businesses through his responsibilities in his role as assistant general manager. Mr. Tang graduated from The University of Washington with a degree of Bachelor of Arts in Business Administration in December 2010.

Mr. Tang is a member of the Henan Provincial Committee of The Chinese People's Political Consultative Conference.

Non-executive Director

Mr. Chan Chun Hong (陳振康), aged 52, is the non-executive chairman of our Company. He is appointed as an authorised representative, the chairman of the nomination committee and a member of the remuneration committee of the Company. He is primarily responsible for formulating overall strategies and the overall corporate development of our Group. Mr. Chan graduated from the Hong Kong

DIRECTORS AND SENIOR MANAGEMENT

Polytechnic University with a degree of Bachelor of Arts in Accountancy in November 1997. He was admitted as a fellow of The Chartered Association of Certified Accountants in November 1994 and an associate of the Hong Kong Institute of Certified Public Accountants in February 1990.

Mr. Chan joined WOG in March 1997 as an executive director and was re-designated as the managing director of WOG in September 2005. He is also the managing director of Wai Yuen Tong Medicine Holdings Limited, the managing director and the chairman of Easy One Financial Group Limited (formerly known as PNG Resources Holdings Limited) and the chief executive officer and the chairman of China Agri-Products Exchange Limited, all of which are companies listed on the Main Board. Furthermore, Mr. Chan also acted as an independent non-executive director of Shanghai Prime Machinery Company Limited, a company listed on the Main Board for the period from 22 November 2005 to 27 June 2014.

On 13 December 2001, Mr. Chan as an executive director of WOG at that time, received a private reprimand from the Stock Exchange in relation to WOG's failure to disclose promptly by way of an announcement its advancement on 29 November 2000 of an interest-bearing loan in the sum of HK\$125,697,637 to an independent third party, in breach of paragraphs 2(1) and 3.2.1 of Practice Note 19 to the Listing Rules then applicable and the directors' undertaking as set out in form B in Appendix 5 to the Listing Rules. The amount was advanced to an independent third party which was the vendor of a transaction under which a subsidiary of WOG proposed to acquire from it shares in Wai Yuen Tong Medicine Company Limited. The purpose of such advancement of loan was to secure the priority of such subsidiary of WOG in negotiating with the vendor and to carry out due diligence on Wai Yuen Tong Medicine Company Limited. Such loan was treated as a deposit payable by such subsidiary of WOG under a formal sale and purchase agreement entered into with such vendor. Having considered that (i) the relevant breach was inadvertent; (ii) WOG promptly disclosed the advancement of such loan to the Stock Exchange and the general public as soon as it realised that it had failed to do so in accordance with Practice Note 19; and (iii) WOG and its executive directors had not been unreasonable in relying on the professional advice of the legal advisers, the Stock Exchange was satisfied that a private reprimand of WOG's and Mr. Chan's conduct (and other executive directors') was appropriate.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chan was a director of the companies below, which were deregistered or struck off or, the business registration of which were cancelled as these companies ceased to carry on business. As confirmed by Mr. Chan, each of these companies was dormant at the time when they were dissolved and so far as he was aware, the dissolution of these companies has not resulted in any liability or obligation being imposed against him.

Name of company	Place of incorporation	Nature of business	Means of dissolution	Date of dissolution/ cancellation of business registration	Reason for dissolution/ cancellation of business registration
Asia Richly Investment Limited	Hong Kong	Property holding	Deregistration	17 February 2012	Dormant
Caltex Investment Limited	Hong Kong	Investment holding	Deregistration	22 March 2013	Dormant
Excel Hero Investment Limited	Hong Kong	Property holding	Deregistration	17 February 2012	Dormant
Gold Riches Developments Limited	British Virgin Islands	Property holding	Winding Up (others)	29 May 2000	Dormant
Keytech Investment Limited	Hong Kong	Investment holding	Deregistration	8 February 2013	Dormant
Lucky Century Limited	Hong Kong	Investment holding	Deregistration	19 April 2013	Dormant
Real World Limited	British Virgin Islands	Investment holding	Strike-off	28 January 2003	Dormant
Rich Fine Limited	Hong Kong	Investment holding	Deregistration	28 December 2012	Dormant
Sky Regal Investment Limited	Hong Kong	Property holding	Deregistration	2 March 2012	Dormant
South Global Investment Limited	Hong Kong	Investment holding	Deregistration	28 June 2013	Dormant
Supermix Investment Limited	Hong Kong	Investment holding	Deregistration	28 December 2012	Dormant
Venko Limited	Hong Kong	Investment holding	Deregistration	30 September 2011	Dormant
Whole Winner Investment Limited	Hong Kong	Property holding	Deregistration	17 February 2012	Dormant
憑祥宏進農副產品批發市場有限公司	PRC	Provision of management services	Business registration cancelled	28 July 2014	Dormant
廣州宏安企業管理諮詢有限公司	PRC	Provision of management services	Business registration cancelled	19 August 2014	Dormant
常州中悅房地產開發有限公司	PRC	Provision of management services	Business registration cancelled	31 March 2009	Dormant
常州金億利房地產開發有限公司	PRC	Provision of management services	Business registration cancelled	31 March 2009	Dormant
東莞宏安企業管理諮詢有限公司	PRC	Provision of management services	Business registration cancelled	10 May 2011	Dormant

DIRECTORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Mr. Li Wing Sum Steven (李永森), aged 59, is our independent non-executive Director. He is appointed as the chairman of the audit committee and a member of the remuneration and nomination committees of the Company. He was admitted as an associate of The Chartered Association of Certified Accountants in April 1986 and subsequently a fellow member in April 1991. He was also admitted as an associate of the Hong Kong Institute of Certified Public Accountants in May 1986 and subsequently a fellow member in December 1993. He was admitted as a fellow member of the Taxation Institute of Hong Kong in January 1999 and a member of the Hong Kong Institute of Directors in January 2008. He has over 30 years’ experience in auditing, accounting, taxation, financial management and corporate secretarial.

Mr. Li worked for an international accounting firm and held senior posts as group financial controller in various companies. He was the independent non-executive director of Ruifeng Petroleum Chemical Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange for the period from 1 June 2012 to 5 October 2013. He is also the independent non-executive director of Xinjiang Xinxin Mining Industry Co., Ltd., a company listed on the Main Board since October 2011 and the company secretary respectively of Shanghai Fudan Microelectronics Group Company Limited since July 2000 and China National Culture Group Limited since May 2014, both companies are listed on the Main Board.

Mr. Li was a director of the companies below, which were deregistered or struck off as these companies ceased to carry on business. As confirmed by Mr. Li, each of these companies was dormant at the time when they were dissolved and so far as he was aware, the dissolution of these companies has not resulted in any liability or obligation being imposed against him.

Name of company	Place of incorporation	Nature of business	Means of dissolution	Date of dissolution	Reason for dissolution
Best Elite Investments Limited	Hong Kong	Trading	Deregistration	16 November 2007	Dormant
Bjbb.Com.Hk Limited	Hong Kong	Trading	Deregistration	14 July 2006	Dormant
Dynamic Global Trading Limited	Hong Kong	Trading	Deregistration	16 November 2007	Dormant
Greater China Logistics Limited	Hong Kong	Trading	Deregistration	22 August 2008	Dormant
Kwan Kee Development Limited	Hong Kong	Trading	Strike-off	21 September 2001	Dormant
Smart Guy Technology Limited	Hong Kong	Trading	Deregistration	22 August 2008	Dormant

Mr. Sung Tze Wah (宋梓華), aged 69, is our independent non-executive Director. He is appointed as a member of the remuneration, audit and nomination committees of the Company. He has extensive experience in the surveying sector for over 30 years. Mr. Sung was elected as a professional associate of the Royal Institution of Chartered Surveyors in November 1972, a fellow of The Hong Kong Institute of Surveyors in March 1997, a member of The Singapore Institute of Surveyors and Valuers in April 1989, and was admitted as an associate of The Chartered Institute of Arbitrators in April 1984.

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Mr. Sung was appointed as the executive estates officer by the Housing & Development Board of the Singapore government from October 1984 to July 1990. He was then promoted to senior estates officer during the period of August 1990 and March 1992. Mr. Sung established LDS International Group Limited and Lawson David & Sung Surveyors Limited in Hong Kong in 1992 and 1996 respectively and is currently a director of Lawson David & Sung Surveyors Limited.

Mr. Sung was a director of the companies below, which were deregistered or struck off as these companies ceased to carry on business. As confirmed by Mr. Sung, each of these companies was dormant at the time when they were dissolved and so far as he was aware, the dissolution of these companies has not resulted in any liability or obligation being imposed against him.

Name of company	Place of incorporation	Nature of business	Means of dissolution	Date of dissolution	Reason for dissolution
China Links International Holdings Limited	Hong Kong	Investment	Deregistration	10 December 2010	Dormant
China Trade Properties Limited	Hong Kong	Investment	Strike-off	16 May 2003	Dormant
Harvest City Limited	Hong Kong	Provision of surveying services	Deregistration	27 March 2009	Dormant
Lawson Kcg (International) Consultancy Limited	Hong Kong	Consultancy	Deregistration	21 July 2006	Dormant
Pacific Grow Consultants Limited	Hong Kong	Consultancy	Deregistration	4 January 2008	Dormant
Supergreat International Development Limited	Hong Kong	Consultancy	Deregistration	2 February 2001	Dormant
Uni-Expert Development Limited	Hong Kong	Investment	Deregistration	12 October 2012	Dormant
Maxus Enterprise Pte Limited	Singapore	Investment	Strike-off	—	Dormant
Richwise Investment (Singapore) Pte. Limited	Singapore	Provision of services	Strike-off	Dissolved	Dormant
Vincent Sung Surveyor	Singapore	Provision of surveying services	Termination	—	Dormant

Sr. Dr. Leung Tony Ka Tung (梁家棟), aged 66, is our independent non-executive Director. He is appointed as the chairman of the remuneration committee and a member of the audit and nomination committees of the Company. He has nearly 40 years of experience in the property and hotel industry through his prior employments with the Lands Department of the Hong Kong government from January 1977 to June 1978, and from the 1980’s onwards, with various prominent property developers as well as a leading surveyor company in Hong Kong.

In 1994, he founded TL Property Consultants International Limited and he is currently a director of the TL Property Group companies. Dr. Leung is also an independent non-executive director of South China Holdings Company Limited, a company listed on the Main Board and South China Assets Holdings Limited (formerly known as South China Land Limited), a company listed on the Growth Enterprise Market of the Stock Exchange, since December 2012.

DIRECTORS AND SENIOR MANAGEMENT

Dr. Leung obtained a degree of Doctor of Philosophy in Business Administration from Empresarial University in November 2002 through distance learning, a degree of Master of Science in International Real Estate (with Distinction) from The Hong Kong Polytechnic University in November 2004, and a degree of Bachelor of Social Science (Hons) in Economics and Business Administration from Chung Chi College of The Chinese University of Hong Kong in December 1976.

Dr. Leung was registered as a professional surveyor (GP/PD/PFM) in Hong Kong respectively in January 2006 (GP) and April 2014 (PD and PFM). He was also admitted as a fellow member of The Hong Kong Institute of Surveyors in February 2012, a fellow member of The Royal Institution of Chartered Surveyors in June 2008 and a fellow member of Hong Kong Institute of Real Estate Administrators in November 1985. He is currently a member of Supervisory Board and Nominating Committee of the Hong Kong Housing Society, a member of Appeal Tribunal Panel of HKSAR and a member of the Planning Sub-committee of the Land and Development Advisory Committee of the Planning Department.

Dr. Leung was a director of the companies below, which were deregistered or struck off, or the business registration of which were cancelled as these companies ceased to carry on business. As confirmed by Dr. Leung, each of these companies was dormant at the time when they were dissolved and so far as he was aware, the dissolution of these companies has not resulted in any liability or obligation being imposed against him.

Name of Company	Place of incorporation	Nature of business	Means of dissolution	Date of dissolution/ cancellation of business registration	Reason for dissolution/ cancellation of business registration
China Nation Enterprises Limited	Hong Kong	Property developer	Deregistration	2 September 2005	Dormant
Enken Properties Limited	Hong Kong	Property developer	Strike-off	12 April 2002	Dormant
Global Surveyors Company Limited	Hong Kong	Property related consultancy works	Strike-off	5 August 2005	Dormant
Joymate Development Limited	Hong Kong	Property developer	Deregistration	2 September 2005	Dormant
Lason Properties Limited	Hong Kong	Property developer	Strike-off	12 April 2002	Dormant
Supermate Investment Limited	Hong Kong	Property developer	Deregistration	15 July 2005	Dormant
TL Architects And Engineers Limited	Hong Kong	Engineering and architectural services	Strike-off	15 March 2002	Dormant
TL Construction And Engineering Limited	Hong Kong	Construction and engineering contracting	Strike-off	15 March 2002	Dormant
TL Property Consultants Limited	Hong Kong	Provision of property related consultancy services	Deregistration	26 March 2004	Dormant
United Property Management Limited	Hong Kong	Provision of property related management services	Strike-off	18 October 2002	Dormant
上海錦明房業有限公司	PRC	Property developer	Business registration cancelled	15 August 2007	Dormant
湖南菱雲房地產開發有限公司	PRC	Property developer	Business registration cancelled	15 August 2012	Dormant

DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed in the section headed “Statutory and General Information” in Appendix V to this [REDACTED], none of our Directors has any existing or proposed service contract with our Company or any of its subsidiaries other than contracts expiring or determinable by the relevant member of our Group within one year without payment of compensation (other than statutory compensation).

Save as disclosed in the section headed “Statutory and General Information” in Appendix V to this [REDACTED] and above, each of our Directors has no interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, each of our Directors has not been a director of any other publicly listed company during the three years preceding the date of this [REDACTED].

Save as disclosed in this [REDACTED], none of our Directors has any relationship with any other Directors, senior management of our Company or substantial shareholders or Controlling Shareholders.

To the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no information relating to our Directors that is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules or any other matters concerning any Director that need to be brought to the attention of the Shareholders.

SENIOR MANAGEMENT

Our senior management consists of the employees listed in the following table:

Name	Age	Date of joining our Group	Position and principal responsibilities	Relationship with other Directors and senior management
Yeung Yiu Man (楊耀民)	54	16 March 2011	Director of the quantity surveying division; responsible for the supervision of cost and quality of construction projects	Nil
Chow Ka Lok Ruby (周嘉樂)	45	17 February 2014	Project director of Hong Kong property development division; responsible for the management of development projects	Nil
Ching Tak Won Teresa (程德韻)	34	3 September 2008	General manager; responsible for the sales and marketing of our Group	Nil
Ip Shu Pui (葉樹培)	49	9 May 2005	Legal counsel; responsible for the legal matters of our Group	Nil
Wong Chin Han (黃靜嫻)	42	18 August 2008	Financial controller and Company Secretary; responsible for the financial and secretarial matters of our Group	Nil

DIRECTORS AND SENIOR MANAGEMENT

Mr. Yeung Yiu Man (楊耀民), aged 54, is the director of the quantity surveying division of our Group. Mr. Yeung is responsible for managing various property and infrastructure developments of our Group and its subsidiaries, and has overall responsibility for all aspects of cost and quality control of construction works. Mr. Yeung obtained a degree of Master of Science in Management from the Hong Kong Polytechnic University in November 1997. He was admitted as a member of the Chartered Institute of Building in May 1992 and elected as a member of the Royal Institute of Chartered Surveyors in November 2008. He possesses a wide spectrum of experience in the property industry and has been active in property developments for more than 18 years. Prior to joining WOG in March 2011, Mr. Yeung had worked for a major Hong Kong listed property developer for 11 years. He also acted as the director of quantity surveying division of WOG with comprehensive experience in project management, tender procurement and cost control for 4 years.

Ms. Chow Ka Lok Ruby (周嘉樂), aged 45, is the project director of Hong Kong property development division of our Group. Ms. Chow is responsible for overseeing and managing all development projects in Hong Kong. Ms. Chow obtained a degree of Bachelor of Arts with a major in Architecture from the University of California, Berkeley, College of Environmental Design in December 1997 and was admitted as an associate member of The American Institute of Architects in July 2015. She has previously worked in two multinational architecture firms and a major Hong Kong listed developer for over 17 years and also worked in WOG before her re-designation with extensive construction and project management experience.

Ms. Ching Tak Won Teresa (程德韻), aged 34, is the general manager (sales and marketing) of our Group's property development division. She obtained a degree of Bachelor of Business Administration in Marketing and Management of Organisations from The Hong Kong University of Science and Technology in November 2004. She has more than 11 years of experience in sales and marketing in the property industry. Prior to joining our Group, she also acted as the assistant general manager (sales and marketing) of WOG.

Mr. Ip Shu Pui (葉樹培), aged 49, is the legal counsel of our Group. Mr. Ip obtained a Bachelor of Laws with Honours Degree from The City University of Hong Kong in November 1993. He has been qualified as a solicitor in Hong Kong since December 1996. Mr. Ip worked in WOG prior to joining our Group.

Ms. Wong Chin Han (黃靜嫻), aged 42, is the financial controller and company secretary of our Company. Ms. Wong is responsible for the accounting and financial functions, internal control and secretarial affairs of our Group. She graduated from The Hong Kong University of Science and Technology with a degree of Bachelor of Business Administration in Finance in November 1995. She is a member of the American Institute of Certified Public Accountants.

Before joining WOG in 2008, Ms. Wong worked in a reputable international accountancy firm from 1995 to 2000 where she was responsible for conducting audit on listed issuers. After that, Ms. Wong joined Asia2B.com Limited and ENM Holdings Company Limited (a company listed on the Main Board) respectively for the period from 2000 to 2007 where she was in charge of financial management and reporting matters of the companies. Ms. Wong joined WOG in 2008, where she, in addition to financial management and reporting matters, also participated in the preparation of WOG's regulatory announcements and circulars. Ms. Wong was responsible for setting up the internal control system and overseeing a wide range of corporate transactions to ensure compliance with the Listing Rules and

DIRECTORS AND SENIOR MANAGEMENT

Takeovers Code. In her past 10 years of experience, Ms. Wong has regularly attended a wide range of training courses in relation to corporate governance, accounting and financial reporting, the Listing Rules and Hong Kong companies law.

Each of our senior management has not been a director of any other publicly listed company during the three years preceding the date of this [REDACTED].

COMPANY SECRETARY

Ms. Wong Chin Han (黃靜嫻), aged 42, is the company secretary of our Company. She is also a member of our senior management as the financial controller of our Group. For her biographical details, please refer to the paragraph headed “Senior Management” in this section.

Our Company is satisfied that Ms. Wong has the relevant experience and is therefore capable of discharging the functions of company secretary.

BOARD COMMITTEES

The Board has established the following committees: the audit committee, the remuneration committee, the nomination committee and the executive committee. The committees operate in accordance with respective terms of reference established by our Board.

Audit Committee

The Company has established the audit committee of the Board on 17 March 2016 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of our audit committee include the review and supervision of the Group’s financial reporting system, monitoring the internal control procedures and risk management, review of the Group’s financial information, review of the relationship with the external auditors of the Company, compliance with the relevant laws and regulations and performance of the corporate governance functions delegated by the Board.

Our audit committee consists of all of our independent non-executive Directors and the chairman is Li Wing Sum Steven, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The members of the audit committee are:

Mr. Li Wing Sum Steven (*Chairman*)

Mr. Sung Tze Wah

Sr. Dr. Leung Tony Ka Tung

Remuneration Committee

The Company has established the remuneration committee on 17 March 2016 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee include making recommendations to the Board on the Company’s policy and structure for the remuneration of

DIRECTORS AND SENIOR MANAGEMENT

the Directors and senior management; and reviewing and approving the remuneration packages of all Directors and senior management with reference to corporate goals and objectives resolved by our Board from time to time.

Our remuneration committee consists of five Directors. The members of the remuneration committee are:

Sr. Dr. Leung Tony Ka Tung (*Chairman*)

Mr. Li Wing Sum Steven

Mr. Sung Tze Wah

Mr. Chan Chun Hong

Mr. Wong Yiu Hung Gary

Nomination Committee

The Company has established the nomination committee on 17 March 2016 with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the nomination committee include reviewing the structure, size, composition and diversity of our Board, assessing the independence of our independent non-executive Directors, identifying individuals suitably qualified to be a member of the Board and making recommendations to our Board on matters relating to the appointment or re-appointment of Directors.

Our nomination committee consists of five members. The members of the nomination committee are:

Mr. Chan Chun Hong (*Chairman*)

Mr. Li Wing Sum Steven

Mr. Sung Tze Wah

Sr. Dr. Leung Tony Ka Tung

Mr. Tang Ho Hong

Executive Committee

The Company has established the executive committee on 17 March 2016 with written terms of reference and it is responsible for the general management of the Group. The primary duties of the executive committee include supervising and making decisions in the day-to-day operations, formulating strategies and development plans of our Group and monitoring their implementation.

Our executive committee consists of two Directors. The members of the executive committee are:

Mr. Wong Yiu Hung Gary (*Chairman*)

Mr. Tang Ho Hong

DIRECTORS AND SENIOR MANAGEMENT

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and senior management receive compensation in the form of salaries, allowances, bonuses and other benefits-in-kind, including our contribution to the pension scheme.

The aggregate sums of approximately HK\$10.2 million, HK\$9.4 million, HK\$17.2 million and HK\$5.9 million were paid to our Directors as remuneration for the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015 (being such part of the remuneration paid by WOG to our Directors which was allocated to our Group as expenses by reference to their involvement in the operations of our Group). Further information in respect of our Directors' and chief executive's emoluments and employees' remuneration is set out in the "Accountants' Report" in Appendix I to this [REDACTED].

Under the arrangements currently in force, it is estimated that an aggregate of approximately HK\$8.1 million is payable by our Group to our Directors as remuneration (including benefits-in-kind but excluding any discretionary bonus which may be paid to any executive Director) for the financial year ending 31 March 2016.

The aggregate amount of remuneration (including salaries, allowances and benefits-in-kind (where applicable)) paid to our five highest paid individuals by WOG for the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015 was HK\$21.3 million, HK\$32.0 million, HK\$31.3 million and HK\$9.6 million, respectively.

During the Track Record Period, no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining our Group. No compensation was paid to, or receivable by, our Directors or past directors or the five highest paid individuals for the loss of office as director of any member of our Group or any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the Track Record Period.

Our policy concerning the remuneration of our Directors is that the amount of remuneration is determined on the basis of the relevant Director's experience and qualifications, responsibility, performance and the time devoted to our business.

Except as disclosed in this [REDACTED], no Director has been paid in cash or shares or otherwise by any person either to induce him to become, or to qualify him as a Director, or otherwise for service rendered by him in connection with the promotion or formation of us.

Information on the service contracts and letters of appointment entered into between the Company and our Directors is set out in the section headed "Statutory and General Information" in Appendix V to this [REDACTED].

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISER

The Company has appointed KCF as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules. In compliance with Rule 3A.23 of the Listing Rules, the Company must consult with and, if necessary, seek advice from the compliance adviser on a timely basis in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- where we propose to apply the proceeds of the [REDACTED] in a manner different from that detailed in this [REDACTED] or where our business activities, developments or results deviate from any forecast, estimate or other information in this [REDACTED]; and
- where the Stock Exchange makes an inquiry of us in respect of unusual price movement and trading volume or other issues under Rule 13.10 of the Listing Rules.

The terms of appointment of the compliance adviser will commence on the [REDACTED] and end on the date on which the Company distributes its annual report in respect of its financial results for the first full financial year commencing after the [REDACTED].

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

RELATIONSHIP WITH PARENTCO

Parentco, through its subsidiaries, holds the entire issued share capital of our Company before our spin-off from Parentco (or the Spin-off, as defined in this [REDACTED]). Immediately upon completion of the [REDACTED] and the Capitalisation Issue, Parentco will continue to be one of our Controlling Shareholders, indirectly holding about [REDACTED]% of our issued share capital (assuming the [REDACTED] is not exercised). As at the Latest Practicable Date, WOG is indirectly interested in approximately 22.08% of the issued share capital of Wai Yuen Tong Medicine Holdings Limited which is in turn indirectly interested in approximately 28.51% of the issued share capital of Easy One Financial Group Limited. Both Wai Yuen Tong Medicine Holdings Limited and Easy One Financial Group Limited are listed on the Main Board.

Clear delineation of business

After completion of the Spin-off, Parentco will be principally engaged in the business of provision of finance and the management and sub-licensing of Chinese wet markets (together, the “**Retained Businesses**”) and we will be principally engaged in the residential and commercial property development business and commercial and industrial property investment business. We do not consider there exist material issues relating to competing or potentially competing business or related transactions with Parentco for the reasons set out below.

Excluded Properties

In light of the recent performance of the second-hand residential property market, both our Group and the Parentco Group have decided not to engage in investing in second-hand residential properties and focus resources on areas which our Directors believe have more potential. The management of second-hand residential property business requires resources and manpower. Typically, income derived from investment in second-hand residential properties are (i) rental income; and (ii) capital appreciation. The leasing out of residential properties require manpower to search for tenants, negotiate rent with tenants, manage the subject properties and collect rent. Given that there are 48 Excluded Properties (as defined below) as at the Latest Practicable Date, considerable manpower will need to be allocated to deal with these properties. Upon the Spin-off, our Group’s business focus will continue to be on development of residential and commercial properties, and, to a lesser extent, investment in commercial and industrial properties. Our Directors consider that the business of developing residential properties has a number of benefits compared to investing in residential properties not developed by us. For instance, our Company can exercise more stringent costs control to react to unfavourable changes in market conditions. Conversely, under favourable market conditions, our Group as a property developer may adjust the positioning of properties to be developed by focusing on developing high-end luxurious residential units. In comparison, for residential properties not developed by us, investment costs are fixed at the time when a property is acquired.

It is also more beneficial for our Group to focus on development of residential properties rather than second-hand residential properties as the income contribution from development of residential properties is much higher than that from investment in second-hand residential properties. During the Track Record Period, our Group’s revenue from sale of self-developed residential and commercial properties amounted to approximately HK\$2,623.8 million, representing approximately 71.6% of our Group’s total revenue of approximately HK\$3,663.0 million during the Track Record Period. On the other hand, the rental income generated from the Excluded Properties (as defined below) contributed to

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

only approximately HK\$13.2 million, HK\$13.4 million, HK\$14.2 million and HK\$7.4 million in the Parentco Group's turnover for each of the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015. Our Directors therefore believe that it will be in the interest of our Company to focus our Group's resources on the property development business.

Another reason why the Excluded Properties (as defined below) have not been injected into our Group is that the Parentco Group has already been disposing of the Excluded Properties (as defined below) and is continuing to dispose of them. If such Excluded Properties (as defined below) were injected into our Group, additional transaction costs including stamp duty in excess of HK\$50 million (inclusive of the DSD and BSD) will be incurred which is unnecessary as our Group will also be disposing of these properties after injection in any event. Given our Directors' view of the near future prospects of the second-hand residential property market and the amount of resources required to operate the second-hand residential property business, our Directors believe that it would not be in the interest of our Company to incur additional transaction costs to inject the Excluded Properties (as defined below) into our Group. Further details of the Parentco Group's disposal plan are explained below. As such, there were certain second-hand residential properties held by Parentco which were not injected into our Group as part of the Spin-off ("**Excluded Properties**"), none of which were developed by members of our Group.

Parentco has been disposing of the Excluded Properties and has undertaken under the Deed of Non-Competition not to engage in business which competes or may compete with our business, and it will not acquire any further residential properties for investment purpose after disposing of all Excluded Properties.

Parentco presently intends to dispose of all the Excluded Properties by the end of 2016, subject to market conditions. Having said that, any proposed disposal of Excluded Properties will need to be considered in terms of initial cost of acquisition, prevailing market price, market conditions and outlook and transaction costs. As such, if market condition becomes unfavourable for Parentco to sell these Excluded Properties in the future, Parentco may extend the time for disposal until market conditions improve. If that happens, Parentco may not be able to dispose of all Excluded Properties before end of 2016. Since our Group currently has no plan to pre-sell any of our self-developed residential properties before October 2016, there is expected to be minimal (if any) competition between Parentco Group and our Group in 2016. Even if Parentco continues to dispose of the Excluded Properties beyond October 2016, we consider that there is only little potential competition for the following reasons:

- (i) newly developed properties and second-hand properties attract different purchasers preference. Purchasers who purchase newly developed residential properties may prefer new buildings, new interior and facilities such as air-conditioning and kitchen and washroom facilities, more modernised lift lobby and ancillary building facilities. They are prepared to pay a premium for such features which come with newly developed properties. On the other hand, purchasers of second-hand properties are not willing to pay a premium for these features and rather enjoy the cost saving therefrom;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (ii) Our next property development project is located in Ma On Shan, Shatin, in which none of the Excluded Properties is situated. In addition, most of the Excluded Properties (except for 4 of them) are situated on Hong Kong Island or in Kowloon and not in the New Territories. Purchasers who prefer properties in the Hong Kong and Kowloon regions may have less preference for properties in the New Territories; and
- (iii) the sale of our self-developed residential properties will be at a much larger scale (in terms of number of properties) than the Excluded Properties. The effect of competition (if any) would be minimal to our Group.
- (iv) any potential competition will only decrease going forward since Parentco has undertaken under the Deed of Non-Competition not to compete with us and therefore it cannot acquire any further residential properties.

In addition, Parentco has also not injected property located at House 2, Nos. 9–15 Ma Yeung Path, Kau To Shan, Shatin, New Territories, Hong Kong into our Group as it is currently classified as property, plant and equipment and has been retained as housing for Ms. Yau Yuk Yin, an executive director of Parentco and the spouse of Mr. Tang Ching Ho, the executive chairman of Parentco.

Taking into account of all the above factors, our Directors consider that the potential competition, if any, between the Group and the Remaining Parentco Group arising from the Parentco’s retention of the Excluded Properties, will not be extreme. Our Company will disclose the progress on the disposal of the Excluded Properties in its annual reports after the [REDACTED] until all Excluded Properties are disposed of.

As at the Latest Practicable Date, Parentco held 48 Excluded Properties which are summarised as follows:

Property Number	Location	SFA (sq.ft.)	Fair value as at 30 September 2015 HK\$'000	Rental income	
				For the year ended 31 March 2015 HK\$'000	For the six months ended 30 September 2015 HK\$'000
1	Sham Shui Po	631	3,250	153	75
2	Mongkok	921	6,800	321	167
3	Sham Shui Po	593	2,970	100	57
4	Mongkok	980	7,700	328	166
5	Mongkok	980	7,750	345	181
6	Mongkok	560	4,250	174	90
7	Wanchai	725	7,100	185	97
8	Cheung Sha Wan	606	4,650	218	115
9	Tsuen Wan	647	4,000	193	99
10	Sham Shui Po	527	3,430	158	86
11	Wanchai (Contracted for sale and to be completed on 29 April 2016)	834	9,300	346	181

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Property Number	Location	SFA (sq.ft.)	Fair value as at 30 September 2015 <i>HK\$'000</i>	Rental income	
				For the year ended 31 March 2015 <i>HK\$'000</i>	For the six months ended 30 September 2015 <i>HK\$'000</i>
12	Mongkok	652	5,420	246	130
13	Mongkok	743	6,500	243	131
14	Mongkok	766	6,700	310	162
15	Jordan	284	3,720	129	69
16	North Point	678	6,800	300	165
17	Mongkok	734	6,400	240	137
18	Jordan	284	4,410	248	133
19	Jordan	276	3,730	138	71
20	Mongkok	690	5,700	287	149
21	Cheung Sha Wan	593	4,600	214	109
22	Sheung Shui	593	3,680	146	80
23	Jordan	276	3,610	120	65
24	Wanchai	653	6,400	285	148
25	Mongkok	606	5,450	239	124
26	Sham Shui Po	678	4,150	211	115
27	Wanchai	589	6,450	239	128
28	Jordan	284	3,780	119	64
29	Cheung Sha Wan	600	4,250	221	115
30	Sheung Shui	700	4,200	219	106
31	Wanchai	532	6,000	269	144
32	Jordan	276	3,670	115	58
33	Cheung Sha Wan	520	4,100	222	115
34	Jordan	558	4,400	207	111
35	Jordan	284	3,860	125	65
36	Lai Chi Kok	675	5,050	264	140
37	Cheung Sha Wan	540	4,050	213	115
38	Mongkok	606	5,300	231	124
39	Sham Shui Po	540	4,000	214	115
40	Mongkok	518	4,800	243	128
41	Jordan	276	3,750	119	63
42	Cheung Sha Wan	668	5,300	277	142
43	Mongkok	552	4,600	217	113
44	Cheung Sha Wan	600	4,150	229	121
45	Cheung Sha Wan	570	4,370	228	121
46	Cheung Sha Wan	540	3,950	223	120
47	Cheung Sha Wan	520	4,100	226	109
48	Tai Wai	388	3,600	155	84

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Our existing property development portfolio consists of the following first hand property projects:

Property Number	Project	Expected GFA (sq.ft.) (approximate)
1	575 Nathan Road Project	25,000
2	Sze Shan Street Project	272,000
3	Hang Kwong Street Project	115,000
4	Ma Kam Street Project	200,000
5	Tai Po Road Project	148,000

Under the Deed of Non-Competition, Parentco has undertaken to our Company that for so long as the Shares remain listed on the Stock Exchange and Parentco is interested directly or indirectly in 30% or more of the issued share capital of our Company, it will not and will procure its close associates will not (other than our Group), among other things, carry on, engage, invest or be interested in any business that is in competition with or is likely to be in competition with any business carried on by any member of our Group from time to time or in which any member of our Group is engaged or has invested or is otherwise involved. If Parentco or its close associates actually competes with our Group during the relevant Restricted Period (as defined in the paragraph headed "Deed of Non-Competition — Expiry" below in this section), Parentco would be in breach of its contractual undertakings under the Deed of Non-Competition and we may enforce the undertaking in court and take all such other legal actions as appropriate.

INDEPENDENCE FROM PARENTCO

Based upon the following matters, the Board is satisfied that our Group is capable of carrying on its business independently from Parentco after the [REDACTED].

Independence of boards and management

Our Company has a board of directors and senior management that function independently from Parentco.

We have six Directors in our Board, comprising two executive Directors, one non-executive Director and three independent non-executive Directors. Only one non-executive Director, namely Mr. Chan Chun Hong, serves on the board of Parentco. Save for this, there is no overlapping directors and senior management between our Group and the Remaining Parentco Group.

Since Mr. Chan will not participate in the daily operations of our Group, the Board considers that the partial overlapping of directorship between our Company and Parentco will not impair the independence of our Board.

Mr. Chan is aware of his own fiduciary duties as a Director which requires, among other things, that he acts in the best interests of our Company. In the event there is any potential conflict of interest arising out of any transaction to be entered into between our Company and Parentco, Mr. Chan will abstain from voting at the relevant board meetings and shall not be counted in the quorum in accordance

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

with the Bye-laws. On the procedures and other matters relating to declaration of interest by our Directors, please see the section headed “Summary of the Constitution of the Company and Bermuda Company Law” as set out in Appendix IV to this [REDACTED].

Operational independence

We have not entered into any transactions with members of the Remaining Parentco Group that will continue after the [REDACTED]. Our Company and Parentco make business decisions independently, and we have sufficient capital, assets and employees to operate our business independently from Parentco.

In addition, our Directors consider that our operations do not depend on Parentco as we have our own team of senior management who are responsible for the operations of our Group. There is no overlap of operations between the Remaining Parentco Group and our Group.

Financial independence

We have our own accounting systems, dedicated accounting and finance personnel, independent treasury function for cash receipts and payments and we make financial decisions according to our own business needs. During the Track Record Period and prior to the Spin-off, members of the Remaining Parentco Group provided guarantees in connection with credit facilities provided by financial institutions to members of our Group. We have received the relevant consents from all lenders with which our Group has arranged credit facilities to the effect that, upon [REDACTED], our Company will, in place of Parentco, become the guarantor for all credit facilities granted in favour of members of our Group. Accordingly, we do not rely on any guarantees provided by the Remaining Parentco Group. Further, all shareholders’ loans between members of the Remaining Parentco Group and our Group will either be repaid or capitalised.

In respect of future financial resource requirements, we may either obtain loans from financial institutions, or raise funds through equity financing (other than from the Parentco Group), and will not be dependent on the Remaining Parentco Group for future financing. Based on the above, our Directors believe that we are financially independent of the Remaining Parentco Group.

Independence of administrative capability

Our administrative and non-management functions are separate and independent from the Remaining Parentco Group. The Directors therefore consider that our company administration is independent of the Remaining Parentco Group.

DEED OF NON-COMPETITION

Under the Deed of Non-Competition, Parentco has irrevocably undertaken and warranted in favour of our Group that for so long as the Shares remain listed on the Stock Exchange and Parentco is interested directly or indirectly in 30% or more of the issued share capital of our Company, it will not and will procure its close associates (other than our Group) will not, on its own account or in conjunction with or on behalf of any person, firm or company (except through any member of our Group) and whether directly or indirectly, carry on, engage, invest or be interested or otherwise involved

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

in any business that is in competition with or is likely to be in competition with any business carried on by any member of our Group from time to time (the "**Restricted Business**") or in which any member of our Group is engaged or has invested or is otherwise involved.

The Deed of Non-Competition does not apply to the holding of shares or other securities in any company that engages in the Restricted Business, provided that such shares or securities are listed on a recognised stock exchange and the aggregate interest of Parentco and its close associates does not exceed 5% of the issued share capital of the company concerned.

New Business Opportunity

If Parentco and/or its close associates is offered or otherwise intends to take up any business opportunity which directly or indirectly engages in or owns the Restricted Business (the "**New Business Opportunity**"):

- (a) it shall within 10 business days of being offered or otherwise intending to take up such New Business Opportunity, notify our Company of such New Business Opportunity and refer the same to our Company for consideration, and shall provide the relevant information to our Company as we may require in order to enable us to make an informed assessment of such opportunity; and
- (b) it shall not, and shall procure that its close associates (other than our Group) not to, invest or participate in any project or New Business Opportunity, unless such project or New Business Opportunity shall have been rejected by our Company and the principal terms of which Parentco or its close associates (other than our Group) invest or participate in are no more favourable than those notified to our Company.

Any Director who has any direct or indirect material interest in the New Business Opportunity shall abstain from attending (unless his/her attendance is specifically requested by the remaining non-interested Directors) and voting at, and shall not count towards the quorum for, any board meeting convened to consider such New Business Opportunity.

Our Board (including the independent non-executive Directors) will be responsible for reviewing and considering whether or not to take up a New Business Opportunity notified by Parentco or whether or not the New Business Opportunity constitutes competition with the Restricted Business. The interest of our Company and all Shareholders as a whole will, among other factors, be taken into consideration by our Board in making the decision.

Expiry

The non-competition undertaking by Parentco under the Deed of Non-Competition shall expire upon expiry of the Restricted Period (as defined below).

For the above purpose, the "**Restricted Period**" means the period commencing from the [REDACTED] and shall expire on the earlier of the dates below:

- (a) the date on which Parentco and its close associates legally and beneficially cease to be controlling shareholders of our Company for the purpose of the Listing Rules; and

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (b) the date on which the Shares cease to be listed on the Stock Exchange.

Parentco has undertaken under the Deed of Non-Competition that it shall provide to our Company and the Directors (including the independent non-executive Directors) from time to time all information necessary for the annual review by the independent non-executive Directors with regard to compliance with the terms of the Deed of Non-Competition during the Restricted Period by Parentco. Parentco has also undertaken to make an annual declaration as to compliance with the terms of the Deed of Non-Competition during the Restricted Period in our Company's annual report. The undertakings given by Parentco under the Deed of Non-Competition are contractual obligations binding on the Parentco. As the directors of WOG are under fiduciary duty to act in the interests of WOG, they may be personally accountable if they, in breach of such fiduciary duty, procure WOG to knowingly contravene such contractual non-competition obligations. Our Directors therefore believe that the Deed of Non-Competition will be effective against WOG.

MEASURES TO BE TAKEN BY OUR COMPANY TO ENSURE COMPLIANCE WITH THE DEED OF NON-COMPETITION

Notwithstanding the limited extent of potential competition (if any) that may arise between our Company and Parentco, our Directors recognise the importance of good corporate governance for the protection of the interests of our Shareholders. In order to properly manage any potential or actual conflict of interests between our Group and Parentco in relation to compliance and enforcement of the Deed of Non-Competition, our Company will adopt the following corporate governance measures with a view to further safeguarding the Shareholders' interests by monitoring compliance by Parentco with the Deed of Non-Competition on an annual basis and enhancing transparency through reporting to Shareholders on a regular basis:

- (i) the independent non-executive Directors shall review, at least on an annual basis, compliance and enforcement of the terms of the Deed of Non-Competition by Parentco;
- (ii) the independent non-executive Directors shall be allowed to seek independent professional advice in appropriate circumstances at our Company's costs for the purpose of ensuring compliance with the terms of the Deed of Non-Competition;
- (iii) our Company will disclose any material decisions on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the Deed of Non-Competition either through our Company's annual report or by way of announcement; and
- (iv) in the event that any of the Directors and/or their respective close associates has a material interest in any matter to be deliberated by the Board in relation to compliance and enforcement of the Deed of Non-Competition, he/she may not vote on the resolution of the Board approving the matter and shall not be counted towards the quorum for the voting pursuant to the applicable provision in our Bye-laws.

The Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between Parentco and its close associates on one hand and our Group on the other hand.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

PERSONAL PROPERTY INTERESTS HELD BY NON-EXECUTIVE CHAIRMAN

As at the Latest Practicable Date, our executive Directors do not hold any property in Hong Kong. Our non-executive chairman holds two properties in Hong Kong which are for personal residential use for himself and his relative. For the purpose of Rule 8.10(2) of the Listing Rules, details of these two properties ("Personal Properties") are as follows:

Owner of property	Location	SFA (approximate sq.ft.)	Type of property	Market value as at 30 September 2015 <i>HK\$'000</i>
Winca Consultants Limited	Hung Hom	807	residential	10,200
Winca Consultants Limited	Hung Hom	461	residential	6,800

These Personal Properties are not included in the property portfolio of our Group as they are personal properties of the Director for him and his relative to reside in. As our Company has a team of management personnel who runs the property business of our Group, the Directors are of the view that our Group can operate independently of our non-executive Chairman.

UNDERTAKINGS BY CONTROLLING SHAREHOLDERS

[REDACTED]

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

[REDACTED]

SHARE CAPITAL

The following is a description of the authorised and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately before and following completion of the Capitalisation Issue and the [REDACTED] (without taking into account any Share which may be allotted and issued upon exercise of the [REDACTED]):

Authorised share capital:

	<i>HK\$</i>
5,000,000,000 Shares of par value of HK\$0.01 each	50,000,000

Shares issued and to be issued, fully paid or credited as fully paid upon completion of the Capitalisation Issue and the [REDACTED] (without taking into account any Share which may be allotted and issued upon exercise of the [REDACTED]):

Issued and to be issued, fully paid or credited as fully paid:

Shares	<i>HK\$</i>
100,000 Shares in issue at the date of this [REDACTED]	1,000
<u>[REDACTED]</u> Shares to be issued pursuant to the Capitalisation Issue	<u>[REDACTED]</u>
<u>[REDACTED]</u> Shares to be issued pursuant to the [REDACTED]	<u>[REDACTED]</u>
<u>[REDACTED]</u> Total	<u>[REDACTED]</u>

ASSUMPTIONS

The above table assumes that the [REDACTED] has become unconditional and the issue of Shares pursuant thereto is made as described herein. It does not take into account any Share which may be allotted and issued or repurchased by our Company under the general mandates given to our Directors to allot and issue or repurchase Shares.

RANKING

The [REDACTED] are ordinary shares in the share capital of our Company and will rank *pari passu* with all Shares in issue or to be issued as set out in the above table, and will qualify and rank equally for all dividends or other distributions declared, made or paid after the date of this [REDACTED] save for entitlement to the Capitalisation Issue.

CAPITALISATION ISSUE

Pursuant to the resolutions of our sole Shareholder passed on 17 March 2016, subject to the share premium account of our Company being credited as a result of the [REDACTED], our Directors are authorised to allot and issue a total of [REDACTED] Shares credited as fully paid at par to the holder(s) of Shares on the register of members of our Company at the close of business on 30 March 2016 (or another date as our Directors may direct) in proportion to their respective shareholdings by

SHARE CAPITAL

way of capitalisation of the sum of [REDACTED] standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares.

GENERAL MANDATES GRANTED TO THE DIRECTORS

Subject to the [REDACTED] becoming unconditional, general mandates have been granted to our Directors to allot and issue Shares and to repurchase Shares. For details of such general mandates, see the paragraph headed “Statutory and General Information — A. Further Information about our Company and our Group — 3. Written Resolutions of our Sole Shareholder Passed on 17 March 2016” in Appendix V to this [REDACTED].

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

According to the Companies Act and the terms of the Bye-laws, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into several classes; (iv) subdivide its Shares into Shares of smaller amount; (v) change the currency denomination of its share capital; (vi) make provision for the issue and allotment of Shares which do not carry any voting rights; and (vii) cancel any Shares which have not been taken. In addition, our Company may, by special resolution, subject to any confirmation or consent required by law, reduce its share capital or, save for the use of share premium as expressly permitted by the Companies Act, any share premium account or other undistributable reserve. For details, see the paragraph headed “Summary of the Constitution of the Company and Bermuda Company Law — 2. Bye-laws — (a)(iii) Alterations of capital” in Appendix IV to this [REDACTED].

Subject to the Companies Act, all or any of the special rights attached to the Share or any class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. For details, see the paragraph headed “Summary of the Constitution of the Company and Bermuda Company Law — 2. Bye-laws — (a)(ii) Variation of rights of existing shares or classes of shares” in Appendix IV to this [REDACTED].

SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director or chief executive of the Company as at the Latest Practicable Date, immediately following completion of the Capitalisation Issue and the [REDACTED], but without taking into account any Shares which may be allotted and issued upon exercise of the [REDACTED], the following persons (other than a Director or chief executive of the Company) will have an interest and/or short position (as applicable) in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will directly or indirectly, be interested in 10.0% or more of the issued voting shares of our Company or any other member of our Group, once the Shares are listed on the Stock Exchange:

Interests and Long Positions in our Shares

Name of shareholder	Capacity	Number of Shares	Approximate percentage of the Company’s total issued share capital ^{note (1)}
WOG ^{note (2)}	Interest in controlled corporation	[REDACTED]	[REDACTED]%
WOE ^{note (2)}	Interest in controlled corporation	[REDACTED]	[REDACTED]%
Earnest Spot ^{note (2)}	Beneficial owner	[REDACTED]	[REDACTED]%

Notes:

- (1) The relevant percentage has been calculated by reference only to the aggregate number of Shares expected to be in issue on the [REDACTED]. It is therefore assumed that no Shares will be issued pursuant to the exercise of the [REDACTED] and that [REDACTED] will be in issue on the [REDACTED].
- (2) WOG holds the entire issued share capital of WOE which in turn holds the entire issued share capital of Earnest Spot which directly holds [REDACTED] Shares. Under the SFO, each of WOE and WOG is deemed to be interested in all the Shares held by Earnest Spot for the sole purpose of Part XV of the SFO. In addition, under the SFO, Mr. Tang Ching Ho is deemed to be interested in approximately 51.76% of the total issued share capital of WOG through (i) his personal interest; (ii) his spouse’s interest in WOG; (iii) his corporate interest via Caister Limited, a corporation controlled by him; and (iv) his interest being an appointer of a discretionary trust, namely Tang’s Family Trust. Ms. Yau Yuk Yin, spouse of Mr. Tang Ching Ho, is also deemed to be interested in approximately 51.76% of the total issued share capital of WOG through (i) her personal interest; (ii) Mr. Tang Ching Ho’s interest in WOG; and (iii) being a beneficiary of the Tang’s Family Trust. Therefore, each of Mr. Tang Ching Ho and Ms. Yau Yuk Yin is deemed to be interested in all the Shares held by WOG for the sole purpose of Part XV of the SFO.

Notwithstanding Mr. Tang Ching Ho’s deemed interest in WOG, Mr. Tang Ching Ho does not control the exercise of voting rights of our Company and will not be able to exercise de-facto control over WOG as to how WOG may vote in respect of Shares in our Company. The reasons are:

- (A) the exercise of voting rights in our Shares generally rests with the board of directors of WOG, not WOG’s shareholders. Mr. Tang Ching Ho and his spouse, Ms. Yau Yuk Yin, are two of seven directors of the board of WOG (four of whom are independent non-executive directors). Mr. Tang Ching Ho and Ms. Yau Yuk Yin do not form a majority of the board of WOG. When a resolution of our Company is proposed, the board of directors of WOG will decide (by a majority of the directors) how WOG will vote, as a shareholder of our Company, in respect of such resolution. The board of WOG is empowered under the bye-laws of WOG to make such decision on behalf of WOG;

SUBSTANTIAL SHAREHOLDERS

- (B) Mr. Tang Ching Ho’s de-facto control over WOG is through his direct and indirect shareholdings in WOG only. As a shareholder, he may exercise de-facto control over WOG only to the extent of voting in respect of shares of WOG, not in respect of voting rights held by WOG in our Company. The board of directors of WOG, not its shareholders, controls the exercise of WOG’s voting rights in our Company. As such, Mr. Tang Ching Ho’s de-facto control over WOG through his shareholding does not enable him to control the exercise of voting rights of WOG in our Company; and
- (C) WOG is a listed company on the Stock Exchange with its own management. The affairs of WOG are managed by its directors and senior management, not its shareholders. These affairs include the operation of the businesses of WOG and the exercise of voting rights held by WOG in other companies such as our Company. The shareholders of WOG may only control the exercise of voting rights in WOG, not the exercise of voting right in other companies held by WOG.

In light of the above, Mr. Tang Ching Ho is therefore not a controlling shareholder of our Company for the purposes of the Listing Rules.

Interests in subsidiaries of the Company

Name of subsidiary	Name of shareholder (other than our Group)	Capacity	Approximate shareholding percentage in that subsidiary %
Grandwall Investment Limited	Kam Wah Successful Limited <i>(Note a)</i>	Beneficial owner	40.0
New Rich Investment Limited	Kam Wah Sure Win Limited <i>(Note b)</i>	Beneficial owner	40.0

Notes:

- (a) Grandwall Investment Limited was held as to 40% by Kam Wah Successful Limited, an Independent Third Party, which was wholly and beneficially owned by Mr. Yeung Fun Bun as of the Latest Practicable Date.
- (b) New Rich Investment Limited was held as to 40% by Kam Wah Sure Win Limited, an Independent Third Party, which was wholly and beneficially owned by Mr. Yeung Fun Bun as of the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of our Directors or chief executive of the Company was aware of any persons (other than a Director or chief executive of the Company) who will, immediately following completion of the Capitalisation Issue and [REDACTED], have an interest and/or short position (as applicable) in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10.0% or more of the issued voting shares of our Company or any other member of our Group.

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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.

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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

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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.

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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.

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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,

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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

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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.

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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".

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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.

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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].

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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	%	HK\$'000	%
	(unaudited)									
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	

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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:

	2013		Year ended 31 March				Six months ended 30 September			
	HK\$'000	%	2014	2015	2014	2015	2014	2015	2014	2015
			HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(unaudited)									
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.

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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	%	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.

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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:

Project	Year ended 31 March						Six months ended 30 September								
	2013			2014			2015			2014			2015		
	Revenue HK\$'000	GFA sq.ft.	ASP HK\$/ sq.ft.	Revenue HK\$'000	GFA sq.ft.	ASP HK\$/ sq.ft.	Revenue HK\$'000	GFA sq.ft.	ASP HK\$/ sq.ft.	Revenue HK\$'000	GFA sq.ft.	ASP HK\$/ sq.ft.	Revenue HK\$'000	GFA sq.ft.	ASP HK\$/ sq.ft.
The Met. Focus															
<i>Residential</i>	—	—	—	351,644	25.9	36,150	9,727	—	—	—	—	—	—	—	—
<i>Commercial</i>	—	—	—	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															
<i>Residential</i>	—	—	—	—	—	—	—	609,943	50.5	40,209	15,169	—	—	—	—
<i>Commercial</i>	—	—	—	—	—	—	—	46,398	3.8	1,776	26,125	—	—	—	—
The Met. Delight															
<i>Residential</i>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Commercial</i>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
726 Nathan Road															
<i>Commercial</i>	—	—	—	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															
<i>Commercial</i>	447,033	17,185	26,013	462,376	34.0	29,530	15,658	—	—	—	—	—	—	—	—
Royal Ascot															
<i>Residential</i>	22,150	4.7	2,826	7,838	—	—	—	—	—	—	—	—	—	—	—
Total	<u>469,183</u>	<u>100.0</u>	<u>20,011</u>	<u>23,446</u>	<u>100.0</u>	<u>85,527</u>	<u>15,893</u>	<u>1,208,641</u>	<u>100.0</u>	<u>65,919</u>	<u>18,335</u>	<u>498,400</u>	<u>100.0</u>	<u>21,734</u>	<u>22,932</u>
	<u>22,150</u>	<u>4.7</u>	<u>2,826</u>	<u>7,838</u>	<u>25.9</u>	<u>36,150</u>	<u>9,727</u>	<u>609,943</u>	<u>50.5</u>	<u>40,209</u>	<u>15,169</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<i>Residential</i>															
<i>Commercial</i>	<u>447,033</u>	<u>95.3</u>	<u>17,185</u>	<u>26,013</u>	<u>74.1</u>	<u>49,377</u>	<u>20,407</u>	<u>598,698</u>	<u>49.5</u>	<u>25,710</u>	<u>23,287</u>	<u>498,400</u>	<u>100.0</u>	<u>21,734</u>	<u>22,932</u>
Total	<u>469,183</u>	<u>100.0</u>	<u>20,011</u>	<u>23,446</u>	<u>100.0</u>	<u>85,527</u>	<u>15,893</u>	<u>1,208,641</u>	<u>100.0</u>	<u>65,919</u>	<u>18,335</u>	<u>498,400</u>	<u>100.0</u>	<u>21,734</u>	<u>22,932</u>

Analysed between:

<i>Residential</i>	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	
<i>Commercial</i>	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	<u>469,183</u>	<u>100.0</u>	<u>20,011</u>	<u>23,446</u>	<u>1,359,256</u>	<u>100.0</u>	<u>85,527</u>	<u>15,893</u>	<u>1,208,641</u>	<u>100.0</u>	<u>65,919</u>	<u>18,335</u>	<u>498,400</u>	<u>100.0</u>	<u>21,734</u>	<u>22,932</u>	<u>518,278</u>	<u>100.0</u>	<u>44,380</u>	<u>11,678</u>

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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
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>
				(unaudited)	
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	—	—	—	—
	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).

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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	%	HK\$'000	%
	(unaudited)									
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	%	HK\$'000	%
	(unaudited)									
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.

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(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.

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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	%	HK\$'000	%
	(unaudited)									
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	%	HK\$'000	%
	(unaudited)									
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)

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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	%	HK\$'000	%
	(unaudited)									
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	%	HK\$'000	%
	(unaudited)									
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

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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.

FINANCIAL INFORMATION

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	%	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	HK\$'000
Interest on bank and other loans	27,454	40,393	54,106	18,631	33,265
Less: Interest capitalised	<u>(16,364)</u>	<u>(21,443)</u>	<u>(29,457)</u>	<u>(8,315)</u>	<u>(18,130)</u>
Finance costs	<u>11,090</u>	<u>18,950</u>	<u>24,649</u>	<u>10,316</u>	<u>15,135</u>

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.

FINANCIAL INFORMATION

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
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(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	<u>(174)</u>	<u>(4,384)</u>	<u>(663)</u>	<u>(2,812)</u>	<u>4,601</u>
Income tax expense for the year/period	<u>38,596</u>	<u>103,866</u>	<u>80,950</u>	<u>38,677</u>	<u>20,591</u>

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.

FINANCIAL INFORMATION

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.

FINANCIAL INFORMATION

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.

FINANCIAL INFORMATION

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.

FINANCIAL INFORMATION

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.

FINANCIAL INFORMATION

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.

FINANCIAL INFORMATION

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.

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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.

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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.

FINANCIAL INFORMATION

SUMMARY COMBINED STATEMENTS OF FINANCIAL POSITION

	As at 31 March			As at 30
	2013	2014	2015	September
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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	<u>—</u>	<u>—</u>	<u>3,460</u>	<u>—</u>
 Total non-current assets	 <u>1,278,835</u>	 <u>1,598,731</u>	 <u>1,567,687</u>	 <u>1,447,113</u>
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	<u>102,162</u>	<u>84,950</u>	<u>242,239</u>	<u>102,722</u>
 Assets classified as held for sale	 <u>2,542,203</u>	 <u>2,551,582</u>	 <u>4,290,393</u>	 <u>3,850,754</u>
 Total current assets	 <u>2,542,203</u>	 <u>2,551,582</u>	 <u>4,290,393</u>	 <u>4,009,954</u>
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	<u>38,662</u>	<u>145,036</u>	<u>141,759</u>	<u>55,999</u>
 Liabilities directly associated with the assets classified as held for sale	 <u>2,396,126</u>	 <u>3,083,862</u>	 <u>3,932,321</u>	 <u>3,513,977</u>
 Total current liabilities	 <u>2,396,126</u>	 <u>3,083,862</u>	 <u>3,932,321</u>	 <u>3,641,988</u>

FINANCIAL INFORMATION

	As at 31 March		As at 30 September	
	2013	2014	2015	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NET CURRENT ASSETS/ (LIABILITIES)	<u>146,077</u>	<u>(532,280)</u>	<u>358,072</u>	<u>367,966</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,424,912</u>	<u>1,066,451</u>	<u>1,925,759</u>	<u>1,815,079</u>
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	<u>4,264</u>	<u>984</u>	<u>7,581</u>	<u>14,714</u>
Total non-current liabilities	<u>1,339,299</u>	<u>807,531</u>	<u>1,685,051</u>	<u>1,635,950</u>
Net assets	<u>85,613</u>	<u>258,920</u>	<u>240,708</u>	<u>179,129</u>
EQUITY				
Equity attributable to owners of our Company				
Share capital	—	—	—	—
Reserves	<u>85,613</u>	<u>259,232</u>	<u>240,765</u>	<u>179,929</u>
Non-controlling interests	85,613	259,232	240,765	179,929
	<u>—</u>	<u>(312)</u>	<u>(57)</u>	<u>(800)</u>
Total equity	<u>85,613</u>	<u>258,920</u>	<u>240,708</u>	<u>179,129</u>

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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:

Investment properties	2013		As at 31 March 2014		2015		As at 30 September 2015	
	SFA/ (GFA) sq.ft.	Fair Value HK\$'000	SFA/ (GFA) sq.ft.	Fair Value HK\$'000	SFA/ (GFA) sq.ft.	Fair Value HK\$'000	SFA/ (GFA) sq.ft.	Fair Value 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

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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
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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.

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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.

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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
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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.

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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
	2013	2014	2015	30 September
	HK\$'000	HK\$'000	HK\$'000	2015 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	<u>167,346</u>	<u>345,712</u>	<u>439,134</u>	<u>75,546</u>

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.

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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
	2013	2014	2015	30 September
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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	<u>31,505</u>	<u>8,041</u>	<u>869</u>	<u>2,150</u>
	375,642	320,615	151,767	112,092
Less: Deposits classified as non-current assets	<u>(101,654)</u>	<u>(54)</u>	<u>(54)</u>	<u>(99)</u>
Current portion	<u><u>273,988</u></u>	<u><u>320,561</u></u>	<u><u>151,713</u></u>	<u><u>111,993</u></u>

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.

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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
	2013	2014	2015	30 September
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2015</i> <i>HK\$'000</i>
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

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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
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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

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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

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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
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(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	<u>726,680</u>	<u>(291,424)</u>	<u>1,325,806</u>	<u>636,653</u>	<u>(305,102)</u>
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	<u>102,162</u>	<u>84,950</u>	<u>242,239</u>	<u>68,191</u>	<u>103,922</u>

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

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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.

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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.

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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.

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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
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (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

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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.

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

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

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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 2015	As at 31 January 2016
	2013	2014	2015	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
					(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.

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

	As at 31 March			As at 30 September 2015	As at 31 January 2016
	2013	2014	2015	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
					(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	<u>170,890</u>	<u>23,391</u>	<u>346,215</u>	<u>293,413</u>	<u>127,711</u>
	<u>1,538,560</u>	<u>1,197,063</u>	<u>2,105,075</u>	<u>1,897,379</u>	<u>1,641,467</u>
Amounts of other loans repayable:					
In the third to fifth years, inclusive	<u>—</u>	<u>—</u>	<u>235,162</u>	<u>239,162</u>	<u>243,162</u>
	<u>—</u>	<u>—</u>	<u>235,162</u>	<u>239,162</u>	<u>243,162</u>
Secured bank loans included in liabilities directly associated with assets classified as held for sale	<u>—</u>	<u>—</u>	<u>—</u>	<u>117,008</u>	<u>223,244</u>
	<u>—</u>	<u>—</u>	<u>—</u>	<u>117,008</u>	<u>223,244</u>
	<u><u>1,538,560</u></u>	<u><u>1,197,063</u></u>	<u><u>2,340,237</u></u>	<u><u>2,253,549</u></u>	<u><u>2,107,873</u></u>

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.

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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 | : | <ul style="list-style-type: none">● 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 | : | <ul style="list-style-type: none">● 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 | : | <ul style="list-style-type: none">● 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 | : | <ul style="list-style-type: none">● Lender has priority over any sales proceeds of the relevant properties under charge |
| Affirmative/restrictive covenants | : | <ul style="list-style-type: none">● Some banking facilities state the following specific purposes for which the loan may be used:<ul style="list-style-type: none">● 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 |

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- 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.

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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
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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.

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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
	2013	2014	2015	30 September
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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
	2013	2014	2015	ended
				30 September
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
	2013	2014	2015	30 September
				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.

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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 be 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.

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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

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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.

FINANCIAL INFORMATION

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].

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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

FINANCIAL INFORMATION

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.

FINANCIAL INFORMATION

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.

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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.

FUTURE PLANS AND USE OF PROCEEDS FROM THE [REDACTED]

FUTURE PLANS

Please refer to the paragraph headed “Business — Our Business Strategies” in this [REDACTED] for detailed description of our future plans.

USE OF PROCEEDS FROM THE [REDACTED]

We estimate that the aggregate net proceeds to be received by us from the [REDACTED] (after deducting [REDACTED] fees and estimated expenses payable by us in connection with the [REDACTED], and assuming an [REDACTED] of [REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] range) will be approximately [REDACTED], assuming that the [REDACTED] is not exercised. We currently intend to apply such net proceeds in the following manner:

- approximately [REDACTED] or approximately [REDACTED]% of the net proceeds for acquiring suitable development site(s) in Hong Kong to replenish our land bank for our property development business. We have been and will continue to select new development sites that are (i) easily accessible by public transportation; (ii) suitable to be developed into residential projects with small-to-medium sized units; (iii) within the acquisition costs of not more than HK\$2.0 billion each; and (iv) supported by comprehensive facilities in the surrounding neighbourhood. Our Directors confirm that, as at the Latest Practicable Date, we had not identified any target development sites for future development;
- approximately [REDACTED] or approximately [REDACTED]% of the net proceeds for financing our purchase of properties for investment to enhance our portfolio of properties for investment. Our Directors confirm that, as at the Latest Practicable Date, we had not identified any target properties for future investment; and
- approximately [REDACTED] or approximately [REDACTED]% of the net proceeds will be used as general working capital of our Group.

If the [REDACTED] is fixed at the high-end of the indicative range of the [REDACTED], being [REDACTED] per [REDACTED], the net proceeds we receive from the [REDACTED] (assuming the [REDACTED] is not exercised) will increase by approximately [REDACTED]. We intend to apply the additional net proceeds for the above purposes on a pro-rata basis. If the [REDACTED] is set at the low-end of the indicative range of the [REDACTED], being [REDACTED] per [REDACTED], the net proceeds we receive from the [REDACTED] (assuming the [REDACTED] is not exercised) will decrease by approximately [REDACTED]. We intend to reduce the net proceeds for the above purposes on a pro-rata basis.

If the [REDACTED] is exercised in full, we estimate that the additional net proceeds from the offering of these additional [REDACTED] to be received by us, after deducting [REDACTED] fees and estimated expenses in connection with the [REDACTED], will be approximately (i) [REDACTED], assuming that the [REDACTED] is fixed at the high-end of the indicative range of the [REDACTED], being [REDACTED] per [REDACTED]; (ii) [REDACTED], assuming that the [REDACTED] is fixed at the mid-point of the indicative range of the [REDACTED], being [REDACTED] per [REDACTED]; and (iii) [REDACTED], assuming that the [REDACTED] is fixed at the low-end of the indicative range of the [REDACTED], being [REDACTED] per [REDACTED]. Any additional proceeds received

FUTURE PLANS AND USE OF PROCEEDS FROM THE [REDACTED]

by us from the exercise of the [REDACTED] will also be allocated to the above purposes on a pro-rata basis. To the extent that the net proceeds of the [REDACTED] are not immediately used for the above purposes and to the extent permitted by the relevant laws and regulations, we intend to deposit such net proceeds into interest-bearing bank accounts with licensed banks and/or financial institutions.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

(e) [REDACTED] Interests in our Company

Save for their obligations under the relevant [REDACTED] Agreements or as otherwise disclosed in this [REDACTED], none of the [REDACTED] owns any shares or securities in our Company or any other member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares or securities in our Company or any member of our Group.

UNDERTAKINGS IN FAVOUR OF THE STOCK EXCHANGE PURSUANT TO THE LISTING RULES

(a) By our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) will be issued by our Company or form the subject of any agreement to such an issue by our Company within six months from the [REDACTED] (whether or not such issue of Shares or securities of our Company will be completed within six months from the [REDACTED]), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

(b) By our Controlling Shareholders

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

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STRUCTURE AND CONDITIONS OF THE [REDACTED]

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STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED] AND [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED] AND [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED] AND [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED] AND [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED] AND [REDACTED]

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HOW TO APPLY FOR [REDACTED] AND [REDACTED]

[REDACTED]

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[REDACTED]

HOW TO APPLY FOR [REDACTED] AND [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED] AND [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED] AND [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED] AND [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED] AND [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED] AND [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED] AND [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED] AND [REDACTED]

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HOW TO APPLY FOR [REDACTED] AND [REDACTED]

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[REDACTED]

HOW TO APPLY FOR [REDACTED] AND [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED] AND [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED] AND [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED] AND [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report received from the Company’s reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this [REDACTED].

[●]

[●]

The Directors
Wang On Properties Limited
CLC International Limited
Kingston Corporate Finance Limited

Dear Sirs,

We set out below our report on the financial information of Wang On Properties Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) comprising the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the years ended 31 March 2013, 2014 and 2015, and the six months ended 30 September 2015 (the “Track Record Period”), and the combined statements of financial position of the Group as at 31 March 2013, 2014 and 2015 and 30 September 2015, together with the notes thereto (the “Financial Information”), and the combined statement of profit or loss and other comprehensive income, combined statement of changes in equity and combined statement of cash flows of the Group for the six months ended 30 September 2014 (the “Interim Comparative Information”), prepared on the basis of presentation set out in note 2.1 of Section II below, for inclusion in the [REDACTED] of the Company dated [●] (the “[REDACTED]”) in connection with the [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company was incorporated in Bermuda as a company with limited liability on 19 November 2015. Pursuant to a group reorganisation (the “Reorganisation”) as more fully explained in the paragraph headed “Reorganisation” in the section headed “History, Development and Reorganisation” in the [REDACTED] which was completed on 16 March 2016, the Company became the holding company of the subsidiaries now comprising the Group. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, no statutory financial statements have been prepared for the Company, as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in note 1 of Section II below. All companies now comprising the Group have adopted 31 March as their financial year end date. The statutory financial statements of the companies now comprising the Group were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were incorporated and/or established. Details of their statutory auditors during the Track Record Period are set out in note 1 of Section II below.

APPENDIX I

ACCOUNTANTS' REPORT

For the purpose of this report, the directors of the Company (the "Directors") have prepared the combined financial statements of the Group (the "Underlying Financial Statements") for the Track Record Period in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Underlying Financial Statements for each of the years ended 31 March 2013, 2014 and 2015, and the six months ended 30 September 2015 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

Directors' responsibility

The Directors are responsible for the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that give a true and fair view in accordance with HKFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that are free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

It is our responsibility to form an independent opinion and a review conclusion on the Financial Information and the Interim Comparative Information, respectively, and to report our opinion and review conclusion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

We have also performed a review of the Interim Comparative Information in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Interim Comparative Information.

Opinion in respect of the Financial Information

In our opinion, for the purpose of this report and on the basis of presentation set out in note 2.1 of Section II below, the Financial Information gives a true and fair view of the combined financial position of the Group as at 31 March 2013, 2014 and 2015 and 30 September 2015 and of the combined financial performance and cash flows of the Group for each of the Track Record Period.

APPENDIX I

ACCOUNTANTS' REPORT

Review conclusion in respect of the Interim Comparative Information

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Interim Comparative Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

APPENDIX I

ACCOUNTANTS' REPORT

I. FINANCIAL INFORMATION

(A) COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 March			Six months ended 30 September	
		2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000
REVENUE	6	509,833	1,389,372	1,228,771	506,875	535,026
Cost of sales		<u>(201,448)</u>	<u>(596,540)</u>	<u>(666,005)</u>	<u>(220,219)</u>	<u>(351,853)</u>
Gross profit		308,385	792,832	562,766	286,656	183,173
Other income and gains, net	6	597	8,429	20,101	6,172	3,284
Selling and distribution costs		(41,678)	(55,981)	(64,277)	(19,607)	(32,603)
Administrative expenses		(60,721)	(97,088)	(107,918)	(44,631)	(48,841)
Fair value gains/(losses) on investment properties, net		68,262	(25,301)	47,588	16,312	39,224
Fair value gain upon transfer of a property held for sale to an investment property		—	—	107,725	—	—
Write-down of properties under development to net realisable value, net		(36,049)	(73,068)	—	—	—
Other expenses		(1,929)	—	(698)	(660)	—
Finance costs	8	<u>(11,090)</u>	<u>(18,950)</u>	<u>(24,649)</u>	<u>(10,316)</u>	<u>(15,135)</u>
PROFIT BEFORE TAX	7	225,777	530,873	540,638	233,926	129,102
Income tax expenses	11	<u>(38,596)</u>	<u>(103,866)</u>	<u>(80,950)</u>	<u>(38,677)</u>	<u>(20,591)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/ PERIOD		<u>187,181</u>	<u>427,007</u>	<u>459,688</u>	<u>195,249</u>	<u>108,511</u>
Profit and total comprehensive income attributable to:						
Owners of the Company		187,181	427,319	459,864	195,350	109,254
Non-controlling interests		<u>—</u>	<u>(312)</u>	<u>(176)</u>	<u>(101)</u>	<u>(743)</u>
		<u>187,181</u>	<u>427,007</u>	<u>459,688</u>	<u>195,249</u>	<u>108,511</u>

APPENDIX I

ACCOUNTANTS' REPORT

(B) COMBINED STATEMENTS OF FINANCIAL POSITION

		As at 31 March		As at 30 September	
	Notes	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2015 HK\$'000
NON-CURRENT ASSETS					
Property, plant and equipment	14	81	77	—	78
Investment properties	15	386,100	898,600	1,263,900	1,146,500
Properties under development	16	791,000	700,000	300,273	300,436
Deposit paid	18	101,654	54	54	99
Deferred tax assets	25	—	—	3,460	—
Total non-current assets		<u>1,278,835</u>	<u>1,598,731</u>	<u>1,567,687</u>	<u>1,447,113</u>
CURRENT ASSETS					
Properties under development	16	1,051,952	567,283	2,354,889	2,436,704
Properties held for sale	17	167,346	345,712	439,134	75,546
Due from the Remaining Parentco Group	20	946,524	1,232,833	1,099,334	1,123,301
Prepayments, deposits and other receivables	18	273,988	320,561	151,713	111,993
Tax recoverable		231	243	3,084	488
Cash and cash equivalents	19	<u>102,162</u>	<u>84,950</u>	<u>242,239</u>	<u>102,722</u>
		2,542,203	2,551,582	4,290,393	3,850,754
Assets classified as held for sale	21	—	—	—	<u>159,200</u>
Total current assets		<u>2,542,203</u>	<u>2,551,582</u>	<u>4,290,393</u>	<u>4,009,954</u>
CURRENT LIABILITIES					
Trade payables	22	24,221	46,264	78,135	35,188
Due to the Remaining Parentco Group	20	1,400,742	1,993,004	2,516,663	2,521,094
Loans from WOG	20	395,422	187,622	352,743	352,743
Other payables and accruals	23	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	24	210,316	392,923	667,971	520,565
Tax payable		<u>38,662</u>	<u>145,036</u>	<u>141,759</u>	<u>55,999</u>
		2,396,126	3,083,862	3,932,321	3,513,977
Liabilities directly associated with the assets classified as held for sale	21	—	—	—	<u>128,011</u>
Total current liabilities		2,396,126	3,083,862	3,932,321	3,641,988
NET CURRENT ASSETS/ (LIABILITIES)		<u>146,077</u>	<u>(532,280)</u>	<u>358,072</u>	<u>367,966</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,424,912</u>	<u>1,066,451</u>	<u>1,925,759</u>	<u>1,815,079</u>

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		As at 31 March		As at 30 September	
		2013	2014	2015	2015
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
NON-CURRENT LIABILITIES					
Interest-bearing bank and other loans	24	1,328,244	804,140	1,672,266	1,615,976
Deferred tax liabilities	25	6,791	2,407	5,204	5,260
Other payables	23	4,264	984	7,581	14,714
		<u>1,339,299</u>	<u>807,531</u>	<u>1,685,051</u>	<u>1,635,950</u>
Total non-current liabilities					
Net assets		<u>85,613</u>	<u>258,920</u>	<u>240,708</u>	<u>179,129</u>
EQUITY					
Equity attributable to owners of the Company					
Share capital	26	—	—	—	—
Reserves	27	85,613	259,232	240,765	179,929
		85,613	259,232	240,765	179,929
Non-controlling interests		—	(312)	(57)	(800)
Total equity		<u>85,613</u>	<u>258,920</u>	<u>240,708</u>	<u>179,129</u>

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(C) COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company					Non-controlling interests HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000	Capital reserve HK\$'000	Merger reserve HK\$'000 (Note 27(b))	Retained profits HK\$'000	Total HK\$'000		
At 1 April 2012	—	—	—	142,432	142,432	—	142,432
Profit and total comprehensive income for the year	—	—	—	187,181	187,181	—	187,181
Dividend paid to the then shareholders	—	—	—	(244,000)	(244,000)	—	(244,000)
At 31 March 2013 and 1 April 2013	—	—*	—*	85,613*	85,613	—	85,613
Profit and total comprehensive income for the year	—	—	—	427,319	427,319	(312)	427,007
Dividend paid to the then shareholders	—	—	—	(253,700)	(253,700)	—	(253,700)
At 31 March 2014 and 1 April 2014	—	—*	—*	259,232*	259,232	(312)	258,920
Profit and total comprehensive income for the year	—	—	—	459,864	459,864	(176)	459,688
Dividend paid to the then shareholders	—	—	—	(477,900)	(477,900)	—	(477,900)
Deemed disposal of partial interests in a subsidiary	—	11	—	—	11	(11)	—
Acquisition of non-controlling interests	—	(442)	—	—	(442)	442	—
At 31 March 2015 and 1 April 2015	—	(431)*	—*	241,196*	240,765	(57)	240,708
Profit and total comprehensive income for the period	—	—	—	109,254	109,254	(743)	108,511
Dividend paid to the then shareholders	—	—	—	(170,000)	(170,000)	—	(170,000)
Deemed distribution to the Remaining Parentco Group	—	—	(90)	—	(90)	—	(90)
At 30 September 2015	—	(431)*	(90)*	180,450*	179,929	(800)	179,129
At 1 April 2014	—	—	—	259,232	259,232	(312)	258,920
Profit and total comprehensive income for the period (unaudited)	—	—	—	195,350	195,350	(101)	195,249
Deemed disposal of partial interests in a subsidiary (unaudited)	—	11	—	—	11	(11)	—
At 30 September 2014 (unaudited)	—	11	—	454,582	454,593	(424)	454,169

* These reserve accounts comprise the combined reserves of HK\$85,613,000, HK\$259,232,000, HK\$240,765,000 and HK\$179,929,000 in the combined statements of financial position as at 31 March 2013, 2014 and 2015 and 30 September 2015, respectively.

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(D) COMBINED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 March			Six months ended 30 September	
		2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000 (Unaudited)	2015 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		225,777	530,873	540,638	233,926	129,102
Adjustments for:						
Finance costs	8	11,090	18,950	24,649	10,316	15,135
Bank and other interest income	6	(7)	(99)	(9)	(4)	(110)
Loss on disposal of items of property, plant and equipment	7	5	—	38	—	—
Loss on disposal of investment properties	7	1,924	—	660	660	—
Fair value losses/(gains) on investment properties, net	15	(68,262)	25,301	(47,588)	(16,312)	(39,224)
Fair value gain upon transfer of a property held for sale to an investment property	15	—	—	(107,725)	—	—
Depreciation	7	97	62	39	32	4
Write-down of properties under development to net realisable value, net	16	36,049	73,068	—	—	—
Reversal of provision for tax indemnity	6	—	(6,112)	—	—	—
Accrued rent-free rental income	15	(438)	360	(2,555)	74	(1,106)
		<u>206,235</u>	<u>642,403</u>	<u>408,147</u>	<u>228,692</u>	<u>103,801</u>
Decrease in properties held for sale		197,168	577,435	658,350	216,336	363,588
Increase in properties under development		(119,071)	(231,757)	(2,142,469)	(1,232,706)	(63,848)
Decrease/(increase) in prepayments, deposits and other receivables		(337,660)	55,027	168,848	87,828	39,675
Increase/(decrease) in amounts due to the Remaining Parentco Group		34,839	39,376	(17,719)	(19,196)	36,533
Increase/(decrease) in trade payables		16,759	22,043	31,871	(12,978)	(42,947)
Increase/(decrease) in other payables and accruals		10,157	(988)	5,358	(6,827)	(11,666)
Increase/(decrease) in deposits received and receipts in advance		<u>262,235</u>	<u>(3,010)</u>	<u>(150,863)</u>	<u>101,426</u>	<u>(135,034)</u>
Cash generated from/(used in) operations		270,662	1,100,529	(1,038,477)	(637,425)	290,102
Profits tax paid		<u>(3,324)</u>	<u>(1,888)</u>	<u>(87,731)</u>	<u>(3,218)</u>	<u>(99,109)</u>
Net cash from/(used in) operating activities		<u>267,338</u>	<u>1,098,641</u>	<u>(1,126,208)</u>	<u>(640,643)</u>	<u>190,993</u>

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	<i>Notes</i>	Year ended 31 March			Six months ended 30 September	
		2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i>
CASH FLOWS FROM INVESTING ACTIVITIES						
Bank and other interest income	6	7	99	9	4	110
Acquisition of a subsidiary that is not a business	29	(475,613)	—	—	—	—
Additions to investment properties	15	—	(538,161)	(235,157)	(3,616)	(270)
Purchases of items of property, plant and equipment	14	—	(58)	—	—	(82)
Proceeds from disposal of investment properties		131,176	—	59,340	59,340	—
Decrease/(increase) in amounts due from the Remaining Parentco Group		(558,675)	(286,309)	133,499	(68,497)	(23,966)
Net cash used in investing activities		(903,105)	(824,429)	(42,309)	(12,769)	(24,208)
CASH FLOWS FROM FINANCING ACTIVITIES						
Interest paid		(27,894)	(38,754)	(45,507)	(16,827)	(25,077)
Dividends paid		(244,000)	(253,700)	(477,900)	—	(170,000)
Repayment of bank loans		(173,178)	(772,056)	(308,043)	(197,256)	(132,314)
New bank loans		814,000	428,000	1,215,595	742,900	40,677
New other loans		—	—	235,162	230,000	4,000
Increase/(decrease) in amounts due to the Remaining Parentco Group		357,752	552,886	541,378	(280,080)	(22,388)
New loans from WOG		—	—	352,743	345,538	—
Repayment of loans from WOG		—	(207,800)	(187,622)	(187,622)	—
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

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	<i>Notes</i>	Year ended 31 March			Six months ended 30 September	
		2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
(Unaudited)						
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	19	102,162	84,950	242,239	68,191	103,922
Less: included in the assets classified as held for sale	21	—	—	—	—	(1,200)
Cash and cash equivalents as stated in the combined statements of cash flows and combined statements of financial position		<u>102,162</u>	<u>84,950</u>	<u>242,239</u>	<u>68,191</u>	<u>102,722</u>

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II. NOTES TO FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in Bermuda. The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business of the Company is located at 5B, Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.

The Company is an investment holding company. During the Track Record Period, the Company’s subsidiaries were engaged in the property development and property investment businesses.

In the opinion of the Directors, Earnest Spot Limited (“Earnest Spot”), a company incorporated in the British Virgin Islands (“BVI”), is the immediate holding company of the Company, and Wang On Group Limited (“WOG”), a company incorporated in Bermuda and listed on the Main Board of the Stock Exchange, is the ultimate holding company of the Company.

The Company and its subsidiaries are hereafter collectively referred to as the “Group”; whereas WOG and its subsidiaries, but excluding the Group, are collectively referred to as the “Remaining Parentco Group”.

The Company and its subsidiaries now comprising the Group underwent the Reorganisation as set out in the paragraph headed “Reorganisation” in the section headed “History, Development and Reorganisation” in the [REDACTED].

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Company name	Place and date of incorporation/ registration and place of operations	Issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Miracle Cheer Limited (Note (a))	BVI 18 November 2015	Ordinary US\$1	100	—	Investment holding
Ace Solar Limited (Note (a))	BVI 2 January 2015	Ordinary US\$1	—	100	Investment holding
Antic Investment Limited (Note (e))	Hong Kong 24 March 2005	Ordinary HK\$1	—	100	Property investment
Best Genius Investments Limited (Note (a))	BVI 11 January 2013	Ordinary US\$1	—	100	Investment holding
Beyond Dragon Investments Limited (Note (a))	BVI 27 May 2014	Ordinary US\$1	—	100	Investment holding
Billion Ease Limited (Note (a))	BVI 29 July 2014	Ordinary US\$1	—	100	Investment holding
Billion Group Limited (Note (e))	Hong Kong 22 December 2011	Ordinary HK\$1	—	100	Investment holding
Century Link Investments Limited (Note (e))	Hong Kong 12 October 2007	Ordinary HK\$1	—	100	Dormant
Champford Investment Limited (Note (e))	Hong Kong 7 March 2005	Ordinary HK\$1	—	100	Property investment

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Company name	Place and date of incorporation/ registration and place of operations	Issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Champion Value Limited (Note (f))	Hong Kong 28 October 2013	Ordinary HK\$1	—	100	Property development
China Tech Limited (Note (b))*	Hong Kong 30 March 2009	Ordinary HK\$1	—	100	Property development
City Global Limited (Note (e))	Hong Kong 18 March 2009	Ordinary HK\$1	—	100	Property investment
City Target Limited (Note (b))*	Hong Kong 18 March 2009	Ordinary HK\$1	—	100	Property development
Delight Keen Limited (Note (a))	BVI 3 July 2015	Ordinary US\$1	—	100	Dormant
Double Bright Limited (Note (e))*#/@	Hong Kong 9 January 2009	Ordinary HK\$1	—	100	Property development
Double Vantage Limited (Note (c))*	Hong Kong 20 April 2010	Ordinary HK\$1	—	100	Property development
Ease Mind Investments Limited (Note (a))	BVI 30 January 2008	Ordinary US\$1	—	100	Investment holding
East Run Investments Limited (“East Run”) (Note (a))	BVI 9 April 2008	Ordinary US\$1	—	100	Investment holding
Ever World Limited (Note (e))*#/@	Hong Kong 12 September 2007	Ordinary HK\$1	—	100	Property development
Expert Path Limited (Note (a))	BVI 3 September 2014	Ordinary US\$1	—	100	Investment holding
First World Investments Limited (Note (e))	Hong Kong 17 January 2008	Ordinary HK\$1	—	100	Property investment
Fly Star Limited (Note (e))	Hong Kong 23 November 2007	Ordinary HK\$1	—	100	Property investment
Full Mighty Investments Limited (Note (a))	BVI 8 March 2013	Ordinary US\$1	—	100	Investment holding
Grandwall Investment Limited (Note (d))*#/@	Hong Kong 13 May 2011	Ordinary HK\$100	—	60	Property development
Great Apex Limited (Note (f))	Hong Kong 26 March 2014	Ordinary HK\$1	—	100	Property investment
Hero Strength Limited (Note (a))	BVI 15 May 2009	Ordinary US\$1	—	100	Investment holding

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Company name	Place and date of incorporation/ registration and place of operations	Issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Honland Limited (<i>Note (e)</i>)	Hong Kong 4 January 2008	Ordinary HK\$1	—	100	Property investment
Hovan Investments Limited (<i>Note (e)</i>)	Hong Kong 1 November 2007	Ordinary HK\$1	—	100	Property investment
Join Hero Investment Limited (<i>Note (e)</i>)	Hong Kong 12 December 2007	Ordinary HK\$1	—	100	Property investment
Joyful Lake Limited (<i>Note (a)</i>)	BVI 6 July 2015	Ordinary US\$1	—	100	Investment holding
Kova Investments Limited (<i>Note (e)</i>)	Hong Kong 17 January 2008	Ordinary HK\$1	—	100	Property investment
Longable Limited (<i>Note (e)</i>)	Hong Kong 8 September 2004	Ordinary HK\$1	—	100	Property investment
Makwin Investment Limited (<i>Note (e)</i>)	Hong Kong 26 April 2004	Ordinary HK\$1	—	100	Property investment
Million Link Investments Limited (<i>Note (f)</i>)	Hong Kong 22 November 2013	Ordinary HK\$1	—	100	Property investment
More Action Investments Limited (“More Action”) (<i>Note (a)</i>)	BVI 22 May 2008	Ordinary US\$1	—	100	Investment holding
New Earth Investments Limited (<i>Note (e)</i>)	Hong Kong 11 January 2011	Ordinary HK\$1	—	100	Property investment
New Golden Investments Limited (<i>Note (e)</i>)	Hong Kong 14 May 2007	Ordinary HK\$1	—	100	Property investment
New Rich Investments Limited (<i>Note (d)</i>) ^{#/@}	Hong Kong 1 November 2007	Ordinary HK\$100	—	60	Property development
Oriental Sino Investments Limited (<i>Note (e)</i>)	Hong Kong 16 January 2009	Ordinary HK\$2	—	100	Property investment
Path Smart Limited (<i>Note (a)</i>)	BVI 7 January 2015	Ordinary US\$1	—	100	Investment holding
Profit Million Investment Limited (<i>Note (e)</i>)	Hong Kong 22 September 2004	Ordinary HK\$1	—	100	Dormant
Rich System Investments Limited (<i>Note (d)</i>) ^{*/#}	Hong Kong 6 July 2010	Ordinary HK\$1	—	100	Property development

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Company name	Place and date of incorporation/ registration and place of operations	Issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shiny World Investment Limited (<i>Note (e)</i>)	Hong Kong 26 January 2005	Ordinary HK\$1	—	100	Property investment
Silver World Investments Limited (<i>Note (a)</i>)	BVI 28 September 2012	Ordinary US\$1	—	100	Investment holding
Sky Super Limited (<i>Note (e)</i>)	Hong Kong 18 March 2013	Ordinary HK\$100	—	100	Property development
Smart Full Limited (<i>Note (a)</i>)	BVI 10 July 2009	Ordinary US\$1	—	100	Investment holding
Sparkle Hope Limited (<i>Note (a)</i>)	BVI 18 November 2015	Ordinary US\$1	—	100	Investment holding
Swift Prosper Limited (<i>Note (a)</i>)	BVI 22 February 2011	Ordinary US\$1	—	100	Investment holding
Synergy Best Limited (<i>Note (a)</i>)	BVI 18 November 2013	Ordinary US\$1	—	100	Investment holding
Top Strong Investment Limited (<i>Note (e)</i>)	Hong Kong 28 July 2010	Ordinary HK\$1	—	100	Dormant
United Horizon Limited (<i>Note (f)</i>)	Hong Kong 26 March 2014	Ordinary HK\$1	—	100	Property development
Vincent Investments Limited (<i>Note (e)</i>)*#/@	Hong Kong 19 October 2001	Ordinary HK\$2	—	100	Property development
Wang On Asset Management Limited (<i>Note (f)</i>)	Hong Kong 4 July 2014	Ordinary HK\$1	—	100	Provision of consultation services
Wang On Properties Group Limited (<i>Note (g)</i>)	Hong Kong 29 October 2015	Ordinary HK\$1	—	100	Provision of corporate services
Wang On Properties Secretarial Services Limited (<i>Note (g)</i>)	Hong Kong 2 November 2015	Ordinary HK\$1	—	100	Provision of secretarial corporate services
Wang On Services Limited (<i>Note (g)</i>)	Hong Kong 27 October 2015	Ordinary HK\$1	—	100	Provision of management services
Wang To Investments Limited (<i>Note (e)</i>)	Hong Kong 26 May 1994	Ordinary HK\$2	—	100	Property investment
Win Regent Limited (<i>Note (e)</i>)	Hong Kong 30 March 2009	Ordinary HK\$1	—	100	Property investment

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Company name	Place and date of incorporation/ registration and place of operations	Issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Wonder Sign Limited <i>(Note (a))</i>	BVI 10 July 2009	Ordinary US\$1	—	100	Investment holding
World Score Investments Limited <i>(Note (e))</i>	Hong Kong 1 November 2007	Ordinary HK\$1	—	100	Property investment

Notes:

- (a) No audited financial statements have been prepared for these entities for the years ended 31 March 2013, 2014 and 2015 as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdictions of incorporation.
- (b) The statutory financial statements of these entities for the years ended 31 March 2013, 2014 and 2015 prepared under HKFRSs were audited by Ernst & Young, Hong Kong.
- (c) The statutory financial statements of this entity for the year ended 31 March 2013 prepared under HKFRSs were audited by FTO CPA Limited (certified public accountant registered in Hong Kong), and the statutory financial statements of this entity for the years ended 31 March 2014 and 2015 prepared under HKFRSs were audited by Ernst & Young, Hong Kong.
- (d) The statutory financial statements of these entities for the years ended 31 March 2013 and 2014 prepared under HKFRSs were audited by FTO CPA Limited, and the statutory financial statements of these entities for the year ended 31 March 2015 prepared under HKFRSs were audited by Ernst & Young, Hong Kong.
- (e) The statutory financial statements of these entities for the years ended 31 March 2013, 2014 and 2015 prepared under HKFRSs were audited by FTO CPA Limited.
- (f) The statutory financial statements of these entities for the year ended 31 March 2015 prepared under HKFRSs were audited by FTO CPA Limited. No audited financial statements have been prepared for these entities for the years ended 31 March 2013 and 2014, as they were newly incorporated during the years ended 31 March 2014 and 31 March 2015.
- (g) No audited financial statements have been prepared for these entities.
- * Certain bank loans of the Group are secured by share charges in respect of the equity interests of these subsidiaries of the Group, which are engaged in property development as at 31 March 2013 and 2014 (note 16).
- # Certain bank loans of the Group are secured by share charges in respect of the equity interests of these subsidiaries of the Group, which are engaged in property development as at 31 March 2015 (note 16).
- @ Certain bank loans of the Group are secured by share charges in respect of the equity interests of these subsidiaries of the Group, which are engaged in property development as at 30 September 2015 (note 16).

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation as more fully explained in the paragraph headed “Reorganisation” in the section headed “History, Development and Reorganisation” in the [REDACTED], the Company became the holding company of the companies now comprising the Group subsequent to the end of the Track Record Period on 16 March 2016. The companies now comprising the Group were under the common control of the same controlling shareholder before and after the Reorganisation. Accordingly, for the purpose of this report, the 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.

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The combined statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Track Record Period and the six months ended 30 September 2014 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the controlling shareholder, where this is a shorter period. The combined statements of financial position of the 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 the controlling shareholder’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 the Group held by parties other than the controlling shareholder and changes therein prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting. All intra-group transactions and balances have been eliminated on combination.

During the Track Record Period, China Coin Management Limited and Hanwin Investment Limited were both subsidiaries of WOG and principally engaged in property investment. Their financial results for each of the Track Record Period and their financial position as at 31 March 2013, 2014 and 2015 have been combined in this Financial Information. As at 30 September 2015, these companies were dormant and the net assets of which have been distributed to and retained by the Remaining Parentco Group.

2.2 BASIS OF PREPARATION

The Financial Information has been prepared in accordance with HKFRSs (which include all HKFRSs, HKASs and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 April 2015, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Financial Information throughout the Track Record Period and in the period covered by the Interim Comparative Information.

The 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.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Financial Information.

HKFRS 9	<i>Financial Instruments</i> ²
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> ¹
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ¹
HKFRS 14	<i>Regulatory Deferral Accounts</i> ³
HKFRS 15	<i>Revenue from Contracts with Customers</i> ²
Amendments to HKAS 1	<i>Disclosure Initiative</i> ¹
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ¹
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> ¹
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> ¹
<i>Annual Improvements 2012–2014 Cycle</i>	Amendments to a number of HKFRSs ¹

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 April 2016 and therefore is not applicable to the Group

⁴ No mandatory effective date is determined but is available for early adoption

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Further information about those HKFRSs is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 April 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

Amendments to HKFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments to HKFRS 10 also clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. Consequential amendments were made to HKFRS 12 to require an investment entity that prepares financial statements in which all of its subsidiaries are measured at fair value through profit or loss in accordance with HKFRS 9 to present the disclosures in respect of investment entities in accordance with HKFRS 12. HKAS 28 (2011) was also amended to allow an investor that is not itself an investment entity, and has an interest in an investment entity associate or joint venture, to retain the fair value measurement applied by the investment entity associate or joint venture to the interests in its subsidiaries. The amendments are not expected to have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 April 2016.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 April 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements in five areas, including materiality, disaggregation and subtotals, notes structure, disclosure of accounting policies and presentation of items of other comprehensive income arising from equity accounted investments. The amendments further encourage entities to apply professional judgement in determining what information to disclose and how to structure the disclosure in the financial statements. The Group expects to adopt the amendments from 1 April 2016.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 April 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

The HKAS 16 and HKAS 41 Amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will be within the scope of HKAS 16 instead of HKAS 41. After initial recognition, bearer plants will be measured under HKAS 16 at accumulated cost before maturity. After the bearer plants mature, they will be measured either using the cost model or revaluation model in accordance with HKAS 16. The amendments also require that produce growing on the bearer plants will remain in the scope of HKAS 41 and is measured at fair value less costs to sell. Government grants relating to bearer plants will now be accounted for in accordance with

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HKAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*. The Group expects to adopt the amendments from 1 April 2016. The amendments are not expected to have any impact on the Group as the Group does not have any bearer plants.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of combination and business combinations

This Financial Information includes the financial statements of the Company and its subsidiaries now comprising the Group for the Track Record Period. As explained in note 2.1 above, the acquisition of subsidiaries and business under common control has been accounted for using merger accounting.

The acquisition of subsidiaries other than those under common control has been accounted for using the acquisition method.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Except for the common control combination as mentioned above, the results of subsidiaries are combined from the date of acquisition, being the date on which the Group obtains control, and continue to be combined until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on combination in full.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

Fair value measurement

The Group measures its investment properties at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal

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market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or

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- (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	15% to 33% or over the lease term
Furniture, fixtures and office equipment	15% to 50%
Motor vehicles	20%
Computer equipment	15% to 33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

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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.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the 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 the Group is the lessor, assets leased by the 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.

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. On completion, the properties are transferred to completed properties held for sale.

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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 the directors based on the prevailing market prices on an individual property basis.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and cash equivalents and deposits and other receivables.

Subsequent measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in interest income in the profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in other expenses for receivables.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primary derecognised (i.e., removed from the Group's combined statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, accruals and interest-bearing bank and other loans.

Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

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Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the combined statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

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.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, an associate and a joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, an associate and a joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property*, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 *Income Tax*, i.e. based on the expected manner as to how the properties will be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the 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), when the sale agreement becomes 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.

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Employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

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 an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company’s memorandum and bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the 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.

Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Financial Information.

Operating lease commitments — Group as lessor

The Group has entered into property leases on its investment property portfolio. The Group has determined, based on an evaluation of terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

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Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Deferred tax assets

Deferred tax assets are recognised for 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 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\$36,049,000 and HK\$73,068,000, 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, the 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 the 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.

5. OPERATING SEGMENT INFORMATION

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

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

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

The Group’s revenue from external customers was derived solely from its operations in Hong Kong during the Track Record Period and the six months ended 30 September 2014, and the non-current assets of the Group were all located in Hong Kong as at 31 March 2013, 2014 and 2015 and 30 September 2015.

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Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for each of the Track Record Period, is set out below:

	Year ended 31 March			Six months ended 30 September	
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000 (Unaudited)	2015 HK\$'000
Customer A	62,277	N/A*	N/A*	N/A*	N/A*
Customer B	N/A*	210,000	N/A*	N/A*	N/A*
Customer C	N/A*	N/A*	N/A*	112,200	N/A*
Customer D	N/A*	N/A*	N/A*	61,800	N/A*
Customer E	N/A*	N/A*	N/A*	61,800	N/A*
Customer F	N/A*	N/A*	N/A*	55,000	N/A*
Customer G	N/A*	N/A*	N/A*	55,000	N/A*
Customer H	N/A*	N/A*	N/A*	55,000	N/A*
Customer I	N/A*	N/A*	N/A*	52,800	N/A*

* Nil or less than 10% of revenue

For the year ended 31 March 2015 and the six months ended 30 September 2015, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

The revenue from the above major customers was all derived from the sale of properties.

6. REVENUE, OTHER INCOME AND GAINS, NET

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

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

	Year ended 31 March			Six months ended 30 September	
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000 (Unaudited)	2015 HK\$'000
Revenue					
Gross rental income	39,193	26,860	18,054	7,421	16,012
Sale of properties	469,183	1,359,256	1,208,641	498,400	518,278
Property management fee income	1,457	3,256	2,076	1,054	736
	<u>509,833</u>	<u>1,389,372</u>	<u>1,228,771</u>	<u>506,875</u>	<u>535,026</u>
Other income and gains					
Bank and other interest income	7	99	9	4	110
Forfeiture of deposits from customers	—	—	18,913	6,051	2,461
Gain on voluntary winding-up of subsidiaries	—	1,126	48	—	—
Reversal of provision for tax indemnity	—	6,112	—	—	—
Others	590	1,092	1,131	117	713
	<u>597</u>	<u>8,429</u>	<u>20,101</u>	<u>6,172</u>	<u>3,284</u>

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7. PROFIT BEFORE TAX

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

	<i>Notes</i>	Year ended 31 March			Six months ended 30 September	
		2013	2014	2015	2014	2015
		<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
					(Unaudited)	
Cost of properties sold		198,465	577,440	658,349	216,334	348,466
Cost of services provided		2,470	18,640	7,229	3,655	3,187
Depreciation	14	97	62	39	32	4
Auditors’ remuneration		1,096	874	673	327	351
Employee benefit expense (including directors’ remuneration (<i>note 9</i>)):						
Wages and salaries		50,625	74,145	97,827	37,828	36,311
Pension scheme contributions		350	579	674	327	343
Less: Amount capitalised		(5,532)	(8,702)	(19,679)	(10,282)	(7,081)
		<u>45,443</u>	<u>66,022</u>	<u>78,822</u>	<u>27,873</u>	<u>29,573</u>
Direct operating expenses (including repairs and maintenance) arising from rental- earning investment properties		513	460	427	230	200
Loss on disposal of investment properties*		1,924	—	660	660	—
Loss on disposal of items of property, plant and equipment*		<u>5</u>	<u>—</u>	<u>38</u>	<u>—</u>	<u>—</u>

* *These expenses are included in “Other expenses” on the face of the combined statements of profit or loss and other comprehensive income.*

8. FINANCE COSTS

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

9. DIRECTORS’ AND CHIEF EXECUTIVE’S REMUNERATION

The Company did not have any chief executive, executive directors, non-executive directors and independent non-executive directors at any time during the Track Record Period since the Company was only incorporated subsequent to the end of the Track Record Period on 19 November 2015.

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Subsequent to the end of the Track Record Period, Mr. Wong Yiu Hung Gary and Mr. Tang Ho Hong were appointed as executive directors of the Company on 3 December 2015. Mr. Chan Chun Hong was appointed as a non-executive director of the Company on 23 December 2015. Mr. Li Wing Sum, Mr. Sung Tze Wah and Mr. Leung Tony Ka Tung were appointed as independent non-executive directors of the Company on 17 March 2016, and Mr. Wong Yiu Hung Gary was appointed as the chief executive of the Company on 23 December 2015.

Certain of the directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors or officers of these subsidiaries. The remuneration of each of these directors as recorded in the financial statements of the subsidiaries is set out below:

	Year ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Fees	—	—	—	—	—
Other emoluments:					
Salaries, allowances and benefits in kind	1,398	2,426	3,625	1,776	1,881
Performance-related bonuses	8,703	6,856	13,468	5,554	3,937
Pension scheme contributions	70	81	98	48	48
	<u>10,171</u>	<u>9,363</u>	<u>17,191</u>	<u>7,378</u>	<u>5,866</u>
	<u>10,171</u>	<u>9,363</u>	<u>17,191</u>	<u>7,378</u>	<u>5,866</u>

Executive directors and a non-executive director

Year ended 31 March 2013	Fees HK\$'000	Salaries, allowances and benefits in kind	Performance- related bonuses	Pension scheme contributions	Total
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive directors					
Mr. Wong Yiu Hung Gary	—	—	—	—	—
Mr. Tang Ho Hong	—	240	60	12	312
	—	<u>240</u>	<u>60</u>	<u>12</u>	<u>312</u>
Non-executive director					
Mr. Chan Chun Hong	—	1,158	8,643	58	9,859
	—	<u>1,398</u>	<u>8,703</u>	<u>70</u>	<u>10,171</u>

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Year ended 31 March 2014	Fees	Salaries, allowances and benefits in kind	Performance-related bonuses	Pension scheme contributions	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Executive directors					
Mr. Wong Yiu Hung Gary	—	848	340	7	1,195
Mr. Tang Ho Hong	—	366	120	14	500
	—	1,214	460	21	1,695
Non-executive director					
Mr. Chan Chun Hong	—	1,212	6,396	60	7,668
	—	2,426	6,856	81	9,363
Year ended 31 March 2015					
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Executive directors					
Mr. Wong Yiu Hung Gary	—	1,733	5,777	17	7,527
Mr. Tang Ho Hong	—	624	327	18	969
	—	2,357	6,104	35	8,496
Non-executive director					
Mr. Chan Chun Hong	—	1,268	7,364	63	8,695
	—	3,625	13,468	98	17,191
Six months ended 30 September 2015					
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Executive directors					
Mr. Wong Yiu Hung Gary	—	887	3,709	8	4,604
Mr. Tang Ho Hong	—	351	228	9	588
	—	1,238	3,937	17	5,192
Non-executive director					
Mr. Chan Chun Hong	—	643	—	31	674
	—	1,881	3,937	48	5,866

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Six months ended 30 September 2014 (Unaudited)	Salaries, allowances and benefits in		Performance- related bonuses	Pension scheme contributions	Total
	Fees	kind			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive directors					
Mr. Wong Yiu Hung Gary	—	867	5,434	8	6,309
Mr. Tang Ho Hong	—	282	120	9	411
	—	1,149	5,554	17	6,720
Non-executive director					
Mr. Chan Chun Hong	—	627	—	31	658
	—	1,776	5,554	48	7,378

There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period and the six months ended 30 September 2014.

During the Track Record Period and the six months ended 30 September 2014, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

10. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid employees during the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2014 and 2015 included one, two, two, one and one director(s), respectively, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining non-director, highest paid employees for the Track Record Period and the six months ended 30 September 2014 are as follows:

	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)	
Salaries, allowances and benefits in kind	9,539	14,134	13,646	7,896	9,027
Performance-related bonuses	11,698	17,809	17,610	804	567
Pension scheme contributions	53	40	53	31	33
	21,290	31,983	31,309	8,731	9,627

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The number of the non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
				(Unaudited)	
Nil to HK\$1,000,000	0	0	0	1	1
HK\$1,000,001 to HK\$1,500,000	1	0	0	0	1
HK\$1,500,001 to HK\$2,000,000	1	0	0	2	0
HK\$2,000,001 to HK\$2,500,000	0	0	0	0	1
HK\$2,500,001 to HK\$3,000,000	0	1	1	0	0
HK\$3,000,001 to HK\$3,500,000	0	0	0	0	0
HK\$3,500,001 to HK\$4,000,000	1	0	0	0	0
Over HK\$4,000,001	1	2	2	1	1
	<u>4</u>	<u>3</u>	<u>3</u>	<u>4</u>	<u>4</u>

During the Track Record Period and the six months ended 30 September 2014, no emoluments were paid by the Group to the directors or any of the non-director, highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office nor has any director waived or agreed to waive any emoluments.

11. INCOME TAX

Pursuant to the rules and regulations of the Bermuda and the BVI, the Group is not subject to any income tax in the Bermuda and the BVI. Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for each of the Track Record Period and the six months ended 30 September 2014.

	Year ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(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 (<i>note 25</i>)	<u>(174)</u>	<u>(4,384)</u>	<u>(663)</u>	<u>(2,812)</u>	<u>4,601</u>
Total tax charge for the year/period	<u>38,596</u>	<u>103,866</u>	<u>80,950</u>	<u>38,677</u>	<u>20,591</u>

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A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the tax expense at the effective tax rate is as follows:

	Year ended 31 March			Six months ended 30 September	
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000 (Unaudited)	2015 HK\$'000
Profit before tax	<u>225,777</u>	<u>530,873</u>	<u>540,638</u>	<u>233,926</u>	<u>129,102</u>
Tax at the Hong Kong statutory tax rate of 16.5%	37,253	87,594	89,205	38,598	21,302
Adjustments in respect of current tax of previous years/periods	133	459	(459)	(493)	(127)
Adjustments in respect of deferred tax of previous years/periods	—	—	(2,908)	(2,908)	—
Income not subject to tax	(12,565)	(12,275)	(5,967)	(2,373)	(4,602)
Expenses not deductible for tax	2,533	31,230	906	401	892
Tax losses utilised from previous years/periods	(4,290)	(4,971)	(5,338)	(1,126)	(92)
Tax losses not recognised	16,094	6,434	3,877	4,911	3,218
Others	<u>(562)</u>	<u>(4,605)</u>	<u>1,634</u>	<u>1,667</u>	<u>—</u>
Tax charge at the Group's effective tax rate	<u>38,596</u>	<u>103,866</u>	<u>80,950</u>	<u>38,677</u>	<u>20,591</u>

12. DIVIDENDS

No dividend has been paid or declared by the Company since its date of incorporation.

The dividends declared/paid by the Company's subsidiaries to their then shareholders during the Track Record Period and the six months ended 30 September 2014 were as follows:

	Year ended 31 March			Six months ended 30 September	
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000 (Unaudited)	2015 HK\$'000
Special dividends	<u>244,000</u>	<u>253,700</u>	<u>477,900</u>	<u>—</u>	<u>170,000</u>

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the results of the Group for the Track Record Period and the six months ended 30 September 2014 on a combined basis as disclosed in note 2.1 above.

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14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
31 March 2013					
At 1 April 2012:					
Cost	—	98	—	312	410
Accumulated depreciation	—	(81)	—	(146)	(227)
Net carrying amount	<u>—</u>	<u>17</u>	<u>—</u>	<u>166</u>	<u>183</u>
At 1 April 2012, net of accumulated depreciation	—	17	—	166	183
Disposals	—	(5)	—	—	(5)
Depreciation provided for the year	—	(12)	—	(85)	(97)
At 31 March 2013, net of accumulated depreciation	<u>—</u>	<u>—</u>	<u>—</u>	<u>81</u>	<u>81</u>
At 31 March 2013:					
Cost	—	86	—	312	398
Accumulated depreciation	—	(86)	—	(231)	(317)
Net carrying amount	<u>—</u>	<u>—</u>	<u>—</u>	<u>81</u>	<u>81</u>
31 March 2014					
At 1 April 2013:					
Cost	—	86	—	312	398
Accumulated depreciation	—	(86)	—	(231)	(317)
Net carrying amount	<u>—</u>	<u>—</u>	<u>—</u>	<u>81</u>	<u>81</u>
At 1 April 2013, net of accumulated depreciation	—	—	—	81	81
Additions	11	19	—	28	58
Depreciation provided for the year	(2)	(3)	—	(57)	(62)
At 31 March 2014, net of accumulated depreciation	<u>9</u>	<u>16</u>	<u>—</u>	<u>52</u>	<u>77</u>
At 31 March 2014:					
Cost	11	105	—	340	456
Accumulated depreciation	(2)	(89)	—	(288)	(379)
Net carrying amount	<u>9</u>	<u>16</u>	<u>—</u>	<u>52</u>	<u>77</u>

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	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
31 March 2015					
At 1 April 2014:					
Cost	11	105	—	340	456
Accumulated depreciation	(2)	(89)	—	(288)	(379)
Net carrying amount	<u>9</u>	<u>16</u>	<u>—</u>	<u>52</u>	<u>77</u>
At 1 April 2014, net of accumulated depreciation	9	16	—	52	77
Disposals	(7)	(12)	—	(19)	(38)
Depreciation provided for the year	(2)	(4)	—	(33)	(39)
At 31 March 2015, net of accumulated depreciation	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
At 31 March 2015:					
Cost	—	86	—	312	398
Accumulated depreciation	—	(86)	—	(312)	(398)
Net carrying amount	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
30 September 2015					
At 1 April 2015:					
Cost	—	86	—	312	398
Accumulated depreciation	—	(86)	—	(312)	(398)
Net carrying amount	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
At 1 April 2015, net of accumulated depreciation	—	—	—	—	—
Additions	—	—	82	—	82
Depreciation provided for the period	—	—	(4)	—	(4)
At 30 September 2015, net of accumulated depreciation	<u>—</u>	<u>—</u>	<u>78</u>	<u>—</u>	<u>78</u>
At 30 September 2015:					
Cost	—	86	82	312	480
Accumulated depreciation	—	(86)	(4)	(312)	(402)
Net carrying amount	<u>—</u>	<u>—</u>	<u>78</u>	<u>—</u>	<u>78</u>

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15. INVESTMENT PROPERTIES

	31 March		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 (<i>note 21</i>)	—	—	—	(158,000)
Carrying amount at end of year/period	<u>386,100</u>	<u>898,600</u>	<u>1,263,900</u>	<u>1,146,500</u>

The directors of the Company have determined that the investment properties consist of two classes of asset, i.e., commercial and industrial, based on the nature, characteristics and risks of each property. The Group’s investment properties were revalued on 31 March 2013, 2014 and 2015 and 30 September 2015 by Asset Appraisal Limited, independent professionally qualified valuers, at HK\$386,100,000, HK\$898,600,000, HK\$1,263,900,000 and HK\$1,304,500,000, respectively. Each year/period, the Group’s financial controller decides to appoint which external valuers to be responsible for the external valuations of the Group’s properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group’s financial controller has discussions with the valuers on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

The investment properties are leased to third parties and a related party under operating leases, further summary details of which are included in notes 30 and 32 to the financial statements.

The Group’s investment properties with an aggregate carrying value of HK\$370,600,000, HK\$883,100,000, HK\$1,247,100,000 and HK\$1,287,700,000 as at 31 March 2013, 2014 and 2015 and 30 September 2015, respectively and certain rental income generated therefrom was pledged to secure the Group’s general banking facilities granted to the Group (*note 24*).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group’s investment properties:

	Fair value measurement using significant unobservable inputs (Level 3)			As at
	As at 31 March		30 September	
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurement for:				
Commercial properties	370,600	883,100	1,247,100	1,287,700
Industrial property	15,500	15,500	16,800	16,800
	386,100	898,600	1,263,900	1,304,500
Transferred to assets held for sale (<i>note 21</i>)	—	—	—	(158,000)
	<u>386,100</u>	<u>898,600</u>	<u>1,263,900</u>	<u>1,146,500</u>

During the Track Record Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

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Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial properties <i>HK\$’000</i>	Industrial property <i>HK\$’000</i>	Total <i>HK\$’000</i>
Carrying amount at 1 April 2012	441,700	8,800	450,500
Disposals	(133,100)	—	(133,100)
Accrued rent-free rental income	438	—	438
Net gain from fair value adjustments	<u>61,562</u>	<u>6,700</u>	<u>68,262</u>
Carrying amount at 31 March 2013 and 1 April 2013	370,600	15,500	386,100
Additions	538,161	—	538,161
Accrued rent-free rental income	(360)	—	(360)
Net loss from fair value adjustments	<u>(25,301)</u>	<u>—</u>	<u>(25,301)</u>
Carrying amount at 31 March 2014 and 1 April 2014	883,100	15,500	898,600
Additions	235,157	—	235,157
Disposals	(60,000)	—	(60,000)
Accrued rent-free rental income	2,555	—	2,555
Net gain from fair value adjustments	46,288	1,300	47,588
Transfer from properties held for sale	32,275	—	32,275
Fair value gain upon transfer of a property held for sale to an investment property	<u>107,725</u>	<u>—</u>	<u>107,725</u>
Carrying amount at 31 March 2015 and 1 April 2015	1,247,100	16,800	1,263,900
Additions	270	—	270
Accrued rent-free rental income	1,106	—	1,106
Net gain from fair value adjustments	<u>39,224</u>	<u>—</u>	<u>39,224</u>
	1,287,700	16,800	1,304,500
Transferred to assets held for sale (<i>note 21</i>)	<u>(158,000)</u>	<u>—</u>	<u>(158,000)</u>
Carrying amount at 30 September 2015	<u><u>1,129,700</u></u>	<u><u>16,800</u></u>	<u><u>1,146,500</u></u>

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Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range or weighted average
As at 31 March 2013			
Commercial properties	Direct comparison method	Price per square feet	HK\$30,899 to HK\$72,892
Industrial property	Direct comparison method	Price per square feet	HK\$5,244
As at 31 March 2014			
Commercial properties	Direct comparison method	Price per square feet	HK\$2,000 to HK\$124,740
Industrial property	Direct comparison method	Price per square feet	HK\$5,244
As at 31 March 2015			
Commercial properties	Investment method and direct comparison method	Estimated rental value per square feet and per month Capitalisation rate Price per square feet	HK\$405 2.3% HK\$2,000 to HK\$85,437
Industrial property	Direct comparison method	Price per square feet	HK\$5,683
As at 30 September 2015			
Commercial properties	Investment method and direct comparison method	Estimated rental value per square feet and per month Capitalisation rate Price per square feet	HK\$405 2.3% HK\$2,021 to HK\$75,930
Industrial property	Direct comparison method	Price per square feet	HK\$5,683

As at the end of each Track Record Period, the valuations of investment properties were based on either the investment method which capitalises the rent receivable from the existing tenancies and the potential reversionary market rent of the properties or direct comparison method by reference to comparable market transactions.

Significant increases/(decreases) in estimated rental value per square feet or price per square feet in isolation would result in a significantly higher/(lower) fair value of the investment properties. Significant increases/(decreases) in the capitalisation rate in isolation would result in a significantly lower/(higher) fair value of the investment properties.

Generally, a change in the assumption made for the estimated rental value per square feet or price per square feet is accompanied by a directionally opposite change in the capitalisation rate.

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16. PROPERTIES UNDER DEVELOPMENT

	31 March		30 September	
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2015 HK\$'000
Carrying amount at beginning of year/period	1,266,712	1,842,952	1,267,283	2,655,162
Additions (including development costs and capitalised interest)	135,436	253,200	2,171,926	81,978
Acquisition of a subsidiary (note 29)	476,853	—	—	—
Transfer to properties held for sale	—	(755,801)	(784,047)	—
Write-down to net realisable value, net	(36,049)	(73,068)	—	—
	<u>1,842,952</u>	<u>1,267,283</u>	<u>2,655,162</u>	<u>2,737,140</u>

Properties under development expected to be completed:

	As at 31 March		As at 30 September	
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2015 HK\$'000
Beyond normal operating cycle included under non-current assets	791,000	700,000	300,273	300,436
Within normal operating cycle included under current assets	<u>1,051,952</u>	<u>567,283</u>	<u>2,354,889</u>	<u>2,436,704</u>
	<u>1,842,952</u>	<u>1,267,283</u>	<u>2,655,162</u>	<u>2,737,140</u>

Properties under development expected to be completed within normal operating cycle and recovered:

	As at 31 March		As at 30 September	
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2015 HK\$'000
Within one year	593,790	348,926	—	—
After one year	<u>458,162</u>	<u>218,357</u>	<u>2,354,889</u>	<u>2,436,704</u>
	<u>1,051,952</u>	<u>567,283</u>	<u>2,354,889</u>	<u>2,436,704</u>

The Group's properties under development with an aggregate carrying value of HK\$1,842,952,000, HK\$1,267,283,000, HK\$2,655,162,000 and HK\$2,737,140,000 as at 31 March 2013, 2014 and 2015 and 30 September 2015, respectively, were pledged to secure the Group's general banking facilities (note 24).

17. PROPERTIES HELD FOR SALE

	As at 31 March		As at 30 September	
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2015 HK\$'000
Properties held for sale	<u>167,346</u>	<u>345,712</u>	<u>439,134</u>	<u>75,546</u>

The Group's properties held for sale with an aggregate carrying value of HK\$166,226,000, HK\$317,955,000, HK\$359,109,000 and HK\$24,843,000 as at 31 March 2013, 2014 and 2015 and 30 September 2015, respectively, were pledged to secure the Group's general banking facilities (note 24).

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18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<i>Notes</i>	As at 31 March			As at
		2013	2014	2015	30 September
		HK\$’000	HK\$’000	HK\$’000	2015
					HK\$’000
Prepayments		11,117	16,691	6,208	1,890
Deposits	(a)	102,785	28,493	32,463	79,797
Other receivables	(b)	<u>261,740</u>	<u>275,431</u>	<u>113,096</u>	<u>30,405</u>
		375,642	320,615	151,767	112,092
Less: Deposits classified as non-current assets		<u>(101,654)</u>	<u>(54)</u>	<u>(54)</u>	<u>(99)</u>
Current portion		<u><u>273,988</u></u>	<u><u>320,561</u></u>	<u><u>151,713</u></u>	<u><u>111,993</u></u>

Notes:

- (a) The deposits as at 31 March 2013 included a deposit of HK\$101,600,000 paid to an independent third party for the acquisition of a shopping mall for rental-earning purposes.
- (b) The Group’s sales proceeds from the pre-sale of properties under development with an aggregate carrying value of HK\$229,726,000, HK\$239,940,000 and HK\$111,662,000 as at 31 March 2013, 2014 and 2015, respectively, were pledged to secure the Group’s general banking facilities (note 24). No sales proceeds from the pre-sale of properties under development as at 30 September 2015 are pledged for any bank loans of the Group.

Other than the aforementioned impaired other receivables, 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 approximate to their fair values.

19. CASH AND CASH EQUIVALENTS

	As at 31 March			As at
	2013	2014	2015	30 September
	HK\$’000	HK\$’000	HK\$’000	2015
				HK\$’000
Cash and bank balances	102,162	84,950	242,239	103,922
Less: Included in the assets classified as held for sale (note 21)	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,200)</u>
	<u><u>102,162</u></u>	<u><u>84,950</u></u>	<u><u>242,239</u></u>	<u><u>102,722</u></u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

20. BALANCES WITH THE REMAINING PARENTCO GROUP

As at 31 March 2013, 2014 and 2015 and 30 September 2015, the amounts were unsecured, interest-free and have no fixed terms of repayment, except for the loans from WOG of HK\$395,422,000, HK\$187,622,000, HK\$352,743,000 and HK\$352,743,000 as at 31 March 2013, 2014 and 2015 and 30 September 2015, respectively, which borne interest at 5%, 5%, 3% and 3%, respectively. The balances are non-trade in nature and the carrying amounts of these balances approximate to their fair values.

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Subsequent to the end of the Track Record Period, on 16 March 2016, and pursuant to the Reorganisation, Earnest Spot assigned an aggregate amount of HK\$2,047,989,000 (which included the aggregate consideration of HK\$496,443,000 for the acquisition of the entire issued share capital of East Run and More Action on 16 March 2016) owned by the Group to the Remaining Parentco Group to the Company for a consideration of HK\$1.00.

21. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS CLASSIFIED AS HELD FOR SALE

On 12 August 2015, the Group entered into a conditional agreement with an independent third party to dispose of the Group’s entire equity interest in Easy Kingdom Limited (“Easy Kingdom”), a wholly-owned subsidiary of the Group, which is principally engaged in property investment in Hong Kong, together with the shareholder’s loan advanced by the Group, at a consideration of HK\$158,000,000 (the “Consideration”). The transaction was completed on 11 November 2015.

The assets and liabilities of Easy Kingdom (excluding the shareholder’s loan which is eliminated on combination) as at 30 September 2015 are as follows:

	<i>HK\$’000</i>
<i>Assets</i>	
Investment property (<i>note 15</i>)	158,000
Cash and cash equivalents (<i>note 19</i>)	<u>1,200</u>
Assets classified as held for sale	<u>159,200</u>
<i>Liabilities</i>	
Other payables and accruals	(158)
Interest-bearing bank and other loans	(117,008)
Tax payable	(45)
Due to the Remaining Parentco Group	(9,715)
Deferred tax liabilities (<i>note 25</i>)	<u>(1,085)</u>
Liabilities directly associated with the assets classified as held for sale	<u>(128,011)</u>
Net assets directly associated with Easy Kingdom	<u><u>31,189</u></u>

22. TRADE PAYABLES

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

	As at 31 March			As at
	2013	2014	2015	30 September
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Within 90 days	<u>24,221</u>	<u>46,264</u>	<u>78,135</u>	<u>35,188</u>

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

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23. OTHER PAYABLES AND ACCRUALS

	As at 31 March			As at
	2013	2014	2015	30 September
	HK\$'000	HK\$'000	HK\$'000	2015
				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	<u>17,310</u>	<u>12,570</u>	<u>19,470</u>	<u>7,842</u>

Note: Other payables are non-interest-bearing and there are generally no credit terms. The carrying amounts of the above other payables approximate to their fair values.

24. INTEREST-BEARING BANK AND OTHER LOANS

	2013		As at 31 March				2015		As at 30 September			
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
Current												
Bank loans	HIBOR+	2014 or on	62,365	HIBOR+	2015 or on	369,622	HIBOR+	2016 or on	660,713	HIBOR+	2016 or on	513,623
— secured	(1.06–2.16)/ Prime rate- 2.75	demand		(1.20–3.05)/ Prime rate- 2.75	demand		(1.25–3.05)/ Prime rate- 2.75	demand		(1.25–2.3)/ Prime rate- 2.75	demand	
Long term banks loan repayable on demand — secured	HIBOR+ (1.058–2.158)	On demand	147,951	HIBOR+ (1.20–2.30)	On demand	23,301	HIBOR+ 1.25	On demand	7,258	HIBOR+ 1.25	On demand	6,942
			<u>210,316</u>			<u>392,923</u>			<u>667,971</u>			<u>520,565</u>
Non-current												
Bank loans — secured	HIBOR+ (1.63–3.26)	2014–2025	1,328,244	HIBOR+ (1.62–3.26)	2015–2025	804,140	HIBOR+ (1.52–2.24)	2016–2025	1,437,104	HIBOR+ (1.28–2.3)	2016–2025	1,376,814
Other loans — unsecured			—			—	6	2018	235,162	6	2018	239,162
			<u>1,328,244</u>			<u>804,140</u>			<u>1,672,266</u>			<u>1,615,976</u>
			<u>1,538,560</u>			<u>1,197,063</u>			<u>2,340,237</u>			<u>2,136,541</u>

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	As at 31 March		As at 30 September	
	2013	2014	2015	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Analysed into:				
Bank loans repayable:				
Within one year or on demand (<i>Note</i>)	210,316	392,923	667,971	520,565
In the second year	746,279	658,767	312,008	296,458
In the third to fifth years, inclusive	411,075	121,982	778,881	786,943
Beyond five years	<u>170,890</u>	<u>23,391</u>	<u>346,215</u>	<u>293,413</u>
	<u>1,538,560</u>	<u>1,197,063</u>	<u>2,105,075</u>	<u>1,897,379</u>
Analysed into:				
Other loans repayable:				
Within one year or on demand	—	—	—	—
In the second year	—	—	—	—
In the third to fifth years, inclusive	—	—	235,162	239,162
Beyond five years	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>	<u>235,162</u>	<u>239,162</u>
	<u>1,538,560</u>	<u>1,197,063</u>	<u>2,340,237</u>	<u>2,136,541</u>

Note: As further explained in note 35 to the Financial Information, the Group's term loans with an aggregate amount of HK\$178,027,000, HK\$54,915,000, HK\$111,301,000 and HK\$70,132,000 as at 31 March 2013, 2014 and 2015 and 30 September 2015, respectively, containing an on-demand clause have been classified as current liabilities. For the purpose of the above analysis, the loans are included within current interest-bearing bank and other loans and analysed into bank and other loans repayable within one year or on demand.

At the end of the reporting period, the maturity profile of interest-bearing loans based on the scheduled repayment dates set out in the loan agreements is as follows:

	As at 31 March		As at 30 September	
	2013	2014	2015	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loans repayable:				
Within one year or on demand	62,365	369,622	660,713	513,623
In the second year	761,389	287,445	312,826	297,102
In the third to fifth years, inclusive	456,708	257,809	778,681	788,965
Beyond five years	<u>258,098</u>	<u>282,187</u>	<u>352,855</u>	<u>297,689</u>
	<u>1,538,560</u>	<u>1,197,063</u>	<u>2,105,075</u>	<u>1,897,379</u>
Other loans repayable:				
Within one year or on demand	—	—	—	—
In the second year	—	—	—	—
In the third to fifth years, inclusive	—	—	235,162	239,162
Beyond five years	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>	<u>235,162</u>	<u>239,162</u>
	<u>1,538,560</u>	<u>1,197,063</u>	<u>2,340,237</u>	<u>2,136,541</u>

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Notes:

- (a) Certain bank loans of the Group are secured by the Group's investment properties and certain rental income generated therefrom (note 15), properties under development (note 16); properties held for sale (note 17); sales proceeds from the pre-sale of properties under development (note 18(b)) and share charges in respect of the equity interests of six, six, six and five subsidiaries of the Company as at 31 March 2013, 2014 and 2015 and 30 September 2015, which are engaged in property development.

In addition, WOG has guaranteed the Group's interest-bearing bank loans and certain general banking facilities up to HK\$2,296,005,000, HK\$2,393,240,000, HK\$4,312,595,000 and HK\$4,083,395,000 as at 31 March 2013, 2014 and 2015 and 30 September 2015, respectively.

- (b) All bank loans of the Group bear interests at floating interest rates.
- (c) All other loans of the Group represented the loans advanced from non-controlling shareholders from certain subsidiaries of the Group.
- (d) The carrying amounts of the bank and other loans of the Group approximate to their fair values.

25. DEFERRED TAX

The components of deferred tax liabilities and assets during the Track Record Period are as follows:

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation <i>HK\$'000</i>
At 1 April 2012	6,965
Deferred tax credited to profit or loss during the year (<i>note 11</i>)	<u>(174)</u>
At 31 March 2013 and 1 April 2013	6,791
Deferred tax credited to profit or loss during the year (<i>note 11</i>)	<u>(4,384)</u>
At 31 March 2014 and 1 April 2014	2,407
Deferred tax charged to profit or loss during the year (<i>note 11</i>)	<u>2,797</u>
At 31 March 2015 and 1 April 2015	5,204
Deferred tax charged to profit or loss during the period (<i>note 11</i>)	1,141
Transferred to liabilities directly associated with the assets classified as held for sale (<i>note 21</i>)	<u>(1,085)</u>
At 30 September 2015	<u><u>5,260</u></u>

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Deferred tax assets

	Losses available for offsetting against future taxable profits <i>HK\$’000</i>
At 1 April 2012, 31 March 2013, 1 April 2013, 31 March 2014 and 1 April 2014	—
Deferred tax credited to profit or loss during the year (<i>note 11</i>)	<u>3,460</u>
At 31 March 2015 and 1 April 2015	3,460
Deferred tax charged to profit or loss during the period (<i>note 11</i>)	<u>(3,460)</u>
At 30 September 2015	<u>—</u>

The Group has tax losses arising in Hong Kong of HK\$183,968,000, HK\$192,835,000, HK\$180,891,000 and HK\$177,643,000 as at 31 March 2013, 2014 and 2015 and 30 September 2015, respectively, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

26. SHARE CAPITAL

The Company was incorporated on 19 November 2015 with initial authorised share capital of HK\$100,000 divided into 10,000,000 shares of a par value of HK\$0.01 each. On the date of incorporation, 100,000 ordinary shares of HK\$1,000 were allotted and issued by the Company.

Changes in share capital of the Company pursuant to the Reorganisation are set out in the section headed “History, Development and Reorganisation” in the [REDACTED].

27. RESERVES

(a) Group

The amounts of the Group’s reserves and the movements therein for each of the Track Record Period are presented in the combined statements of changes in equity on page I-6 of this report.

(b) Merger reserve

Merger reserve represents the net assets value of subsidiaries of the Group retained by the Remaining Parentco Group during the Track Record Period.

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28. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group’s subsidiaries that have material non-controlling interests are set out below:

	31 March 2015	30 September 2015
Percentage of equity interest held by non-controlling interests		
New Rich Investments Limited (“New Rich”)	40%	40%
Grandwall Investment Limited (“Grandwall”)	40%	40%
	<u>40%</u>	<u>40%</u>
	31 March 2015	30 September 2015
	<i>HK\$’000</i>	<i>HK\$’000</i>
Loss for the year/period allocated to non-controlling interests:		
New Rich	(4)	(269)
Grandwall	(42)	(474)
	<u>(46)</u>	<u>(743)</u>
Accumulated balances of non-controlling interests at the reporting dates:		
New Rich	(15)	(284)
Grandwall	(42)	(516)
	<u>(57)</u>	<u>(800)</u>

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	New Rich <i>HK\$’000</i>	Grandwall <i>HK\$’000</i>
31 March 2015		
Revenue	—	—
Total expenses	(10)	(105)
Loss and total comprehensive loss for the year	<u>(10)</u>	<u>(105)</u>
Current assets	445,693	733,275
Current liabilities	2,369	2,515
Non-current liabilities	<u>443,361</u>	<u>730,865</u>
Net cash flows used in operating activities	(432,052)	(712,046)
Net cash flows from investing activities	—	—
Net cash flows from financing activities	<u>433,658</u>	<u>713,308</u>
Net increase in cash and cash equivalents	<u>1,606</u>	<u>1,262</u>

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	New Rich <i>HK\$'000</i>	Grandwall <i>HK\$'000</i>
30 September 2015		
Revenue	—	—
Total expenses	(673)	(1,184)
Loss and total comprehensive loss for the period	<u>(673)</u>	<u>(1,184)</u>
Current assets	454,697	764,928
Current liabilities	406	3,757
Non-current liabilities	<u>455,002</u>	<u>762,460</u>
Net cash flows used in operating activities	(7,169)	(19,529)
Net cash flows from investing activities	—	—
Net cash flows from financing activities	<u>6,349</u>	<u>20,293</u>
Net increase/(decrease) in cash and cash equivalents	<u>(820)</u>	<u>764</u>

29. ACQUISITION OF A SUBSIDIARY THAT IS NOT A BUSINESS

Year ended 31 March 2013

On 8 February 2013, the Group entered into a sale and purchase agreement with Woomera International Limited, an independent third party, to acquire the entire equity interests in Vincent Investments Limited ("Vincent Investments") and the shareholder's loan owed by Vincent Investments to its then shareholder, at a cash consideration of HK\$475,771,000. The transaction was completed on 22 March 2013. Vincent Investments is principally engaged in property development in Hong Kong and up to the date of acquisition, Vincent Investments has not carried out any significant business transaction except for holding certain properties in Hong Kong.

The above acquisition has been accounted for by the Group as an acquisition of assets as the entity acquired by the Group does not constitute a business.

The net assets acquired by the Group in the above transaction are as follows:

	<i>HK\$'000</i>
Net assets acquired:	
Properties held for development	476,853
Bank balances	158
Deposits received	(613)
Accruals	(149)
Deferred tax liabilities	<u>(478)</u>
	<u>475,771</u>
Satisfied by:	
Cash	<u>475,771</u>

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An analysis of the cash flows in respect of the acquisition of Vincent Investments is as follows:

	<i>HK\$'000</i>
Cash consideration	(475,771)
Bank balances acquired	<u>158</u>
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	(475,613)
Transaction costs of the acquisition included in cash flows from operating activities	<u>(1,013)</u>
	<u><u>(476,626)</u></u>

30. OPERATING LEASE ARRANGEMENT

As lessor

The Group leases its investment properties (note 15) under operating lease arrangements, with leases negotiated for terms ranging from one years to four years. The terms of the leases also require the tenants to pay security deposits, which is 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.

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

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

31. COMMITMENTS

At the end of each of the Track Record Period, the Group had the following capital commitments:

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

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32. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in the Financial Information, the Group had the following transactions with related parties during the Track Record Period and the six months ended 30 September 2014:

	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)	
Recurring:					
Rental income from an associate of WOG	1,470	1,507	2,084	427	5,513
Non-recurring:					
Management fees paid to the Remaining Parentco Group	5,240	9,357	12,270	5,803	7,290
Interest paid to WOG	<u>7,908</u>	<u>6,402</u>	<u>7,084</u>	<u>1,924</u>	<u>5,189</u>

The transactions were conducted at terms and conditions mutually agreed between the relevant parties. The Directors are of the opinion that those related party transactions were conducted in the ordinary course of business of the Group.

- (b) WOG had given guarantees to a bank in respect of the bank loans granted to the Company (note 24). WOG received no consideration for providing these guarantees.
- (c) Compensation of key management personnel of the Group

	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)	
Short term employment benefits	23,146	34,566	39,087	10,178	11,360
Post-employment benefits	<u>87</u>	<u>80</u>	<u>120</u>	<u>59</u>	<u>60</u>
Total compensation paid to key management personnel	<u>23,233</u>	<u>34,646</u>	<u>39,207</u>	<u>10,237</u>	<u>11,420</u>

The above compensation of key management personnel excludes the directors' remuneration, details of which are set out in note 9 to the financial statements.

33. FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and liabilities of the Group as at the end of each of the Track Record Period are loans and receivables, and financial liabilities at amortised cost, respectively.

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

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

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

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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments include other receivables, deposits, trade and other payables, deposits received, cash and bank balances and bank and other borrowings.

The main risks arising from the Group’s financial instruments are interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group’s exposure to changes in market interest rates relates primarily to the Group’s bank loans with floating interest rates. The 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.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group’s profit before tax. There is no material impact on other components of the Group’s equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax <i>HK\$’000</i>
31 March 2013		
HK\$	100	(15,386)
HK\$	(100)	15,386
31 March 2014		
HK\$	100	(11,971)
HK\$	(100)	11,971
31 March 2015		
HK\$	100	(21,051)
HK\$	(100)	21,051
30 September 2015		
HK\$	100	(18,973)
HK\$	(100)	18,973

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Credit risk

The Group’s credit risk is primarily attributable to 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 the Group’s other financial assets, which include cash and cash equivalents, with the maximum exposure equal to the carrying amounts of these instruments.

Further quantitative data in respect of the Group’s exposure to credit risk arising from other receivables (note 18) are disclosed in the corresponding notes to the Financial Information.

Liquidity risk

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

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans.

The maturity profile of the Group’s financial liabilities as at the end of each of the Track Record Period, based on the contractual and undiscounted payments, was as follows:

	On demand <i>HK\$’000</i>	Within 1 year <i>HK\$’000</i>	1 to 2 years <i>HK\$’000</i>	3 to 5 years <i>HK\$’000</i>	Over 5 years <i>HK\$’000</i>	Total <i>HK\$’000</i>
As at 31 March 2013						
Bank loans (<i>Note</i>)	178,027	61,036	776,743	425,393	174,596	1,615,795
Trade payables (<i>note 22</i>)	—	24,221	—	—	—	24,221
Other payables and accruals (<i>note 23</i>)	—	17,310	4,264	—	—	21,574
Loans from WOG (<i>note 20</i>)	395,422	—	—	—	—	395,422
Due to the Remaining Parentco Group (<i>note 20</i>)	1,400,742	—	—	—	—	1,400,742
	<u>1,974,191</u>	<u>102,567</u>	<u>781,007</u>	<u>425,393</u>	<u>174,596</u>	<u>3,457,754</u>

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	On demand <i>HK\$'000</i>	Within 1 year <i>HK\$'000</i>	1 to 2 years <i>HK\$'000</i>	3 to 5 years <i>HK\$'000</i>	Over 5 years <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31 March 2014						
Bank loans (<i>Note</i>)	54,915	362,449	675,864	125,385	23,734	1,242,347
Trade payables (<i>note 22</i>)	—	46,264	—	—	—	46,264
Other payables and accruals (<i>note 23</i>)	—	12,570	984	—	—	13,554
Loans from WOG (<i>note 20</i>)	187,622	—	—	—	—	187,622
Due to the Remaining Parentco Group (<i>note 20</i>)	<u>1,993,004</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,993,004</u>
	<u>2,235,541</u>	<u>421,283</u>	<u>676,848</u>	<u>125,385</u>	<u>23,734</u>	<u>3,482,791</u>
	On demand <i>HK\$'000</i>	Within 1 year <i>HK\$'000</i>	1 to 2 years <i>HK\$'000</i>	3 to 5 years <i>HK\$'000</i>	Over 5 years <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31 March 2015						
Bank loans (<i>Note</i>)	111,301	599,131	343,206	803,827	355,801	2,213,266
Other loans (<i>note 24</i>)	—	—	—	277,491	—	277,491
Trade payables (<i>note 22</i>)	—	78,135	—	—	—	78,135
Other payables and accruals (<i>note 23</i>)	—	19,470	—	7,581	—	27,051
Loans from WOG (<i>note 20</i>)	352,743	—	—	—	—	352,743
Due to the Remaining Parentco Group (<i>note 20</i>)	<u>2,516,663</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,516,663</u>
	<u>2,980,707</u>	<u>696,736</u>	<u>343,206</u>	<u>1,088,899</u>	<u>355,801</u>	<u>5,465,349</u>
	On demand <i>HK\$'000</i>	Within 1 year <i>HK\$'000</i>	1 to 2 years <i>HK\$'000</i>	3 to 5 years <i>HK\$'000</i>	Over 5 years <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 30 September 2015						
Bank loans (<i>Note</i>)	70,132	489,738	330,685	812,224	299,658	2,002,437
Other loans (<i>note 24</i>)	—	—	—	275,036	—	275,036
Trade payables (<i>note 22</i>)	—	35,188	—	—	—	35,188
Other payables and accruals (<i>note 23</i>)	—	7,842	—	14,714	—	22,556
Loans from WOG (<i>note 20</i>)	352,743	—	—	—	—	352,743
Due to the Remaining Parentco Group (<i>note 20</i>)	<u>2,521,094</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,521,094</u>
	<u>2,943,969</u>	<u>532,768</u>	<u>330,685</u>	<u>1,101,974</u>	<u>299,658</u>	<u>5,209,054</u>

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Note:

Included in interest-bearing bank loans of the Group are term loans with an aggregate principal amounting to HK\$178,027,000, HK\$54,915,000, HK\$111,301,000 and HK\$70,132,000 as at 31 March 2013, 2014 and 2015 and 30 September 2015, respectively, of which the respective loan agreements contain a repayment on-demand clause giving the bank the unconditional right to call in the loans at any time and therefore, for the purpose of the above maturity profile, the total amount is classified as "on demand".

Notwithstanding the above clause, the Directors do not believe that these loans will be called in their entirety within 12 months, and they consider that the loans will be repaid in accordance with the maturity dates as set out in the respective loan agreements. This evaluation was made considering: the financial position of the Group at the date of approval of the financial statements; the Group's compliance with the loan covenants; the lack of events of default, and the fact that the Group has made all previously scheduled repayments on time. In accordance with the terms of the loans, the contractual undiscounted payments are as follows:

	Within 1 year	1 to 2 years	3 to 5 years	Over 5 years	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
31 March 2013	33,384	17,848	48,094	88,830	188,156
31 March 2014	32,727	2,061	5,463	8,729	48,980
31 March 2015	106,582	745	2,097	4,691	114,115
30 September 2015	64,695	748	2,115	4,340	71,898

Capital management

The primary objectives of the Group's capital management are to safeguard the 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.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the 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.

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The Group monitors capital using a debt-to-adjusted capital ratio, which is net debt divided by adjusted capital. Net debt includes interest-bearing bank and other loans and loans from WOG, less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, reserves and non-controlling interests) and the net amount due to the Remaining Parentco Group. The Group’s policy is to maintain a stable debt-to-adjusted capital ratio. The debt-to-adjusted capital ratios as at the end of the Track Record Period were as follows:

	As at 31 March		As at 30 September	
	2013	2014	2015	2015
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Interest-bearing bank and other loans	1,538,560	1,197,063	2,340,237	2,136,541
Loans from WOG	395,422	187,622	352,743	352,743
Bank loans included in liabilities directly associated with the assets classified as held for sale	—	—	—	117,008
Less: Cash and cash equivalents	(102,162)	(84,950)	(242,239)	(102,722)
Net debt	1,831,820	1,299,735	2,450,741	2,503,570
Total equity	85,613	258,920	240,708	179,129
Add: Due to the Remaining Parentco Group	1,400,742	1,993,004	2,516,663	2,521,094
Due to the Remaining Parentco Group included in liabilities directly associated with the assets classified as held for sale	—	—	—	9,715
Less: Due from the Remaining Parentco Group	(946,524)	(1,232,833)	(1,099,334)	(1,123,301)
Adjusted Capital	539,831	1,019,091	1,658,037	1,586,637
Debt-to-adjusted capital	339.33%	127.54%	147.81%	157.79%

III. EVENTS AFTER THE REPORTING PERIOD

- (a) On 25 November 2015, the Group entered into a provisional sale and purchase agreement with a wholly-owned subsidiary of Wai Yuen Tong Medicine Holdings Limited, an associate of WOG, to dispose of its entire interests in Good Excellent Limited and Sunbo Investment Limited, which are the holding companies of two properties located in Hong Kong, at a total consideration of HK\$70,000,000. The transaction was completed on 23 December 2015.
- (b) On 1 December 2015, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire interests in Level Success Limited, which is principally engaged in investment holding and is the holding company of a property holding subsidiary, at a total consideration of HK\$823,000,000. The transaction was completed on 15 February 2016.
- (c) On 16 March 2016, the companies now comprising the Group completed the Reorganisation in preparation for the [REDACTED] of the Company’s shares on the Stock Exchange. Further details of the Reorganisation are set out in the section headed “History, Development and Reorganisation” in the [REDACTED].

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IV. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to 30 September 2015.

Yours faithfully,
[●]
Certified Public Accountants
Hong Kong

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

PROPERTY VALUATION

The following is the text of a letter, summary of valuation and valuation certificate, prepared for the purpose of incorporation in this [REDACTED] received from Asset Appraisal Limited, an independent property valuer, in connection with its valuation as at 31 December 2015 of the property interests held by the Group.



Asset Appraisal Limited 中誠達資產評值顧問有限公司

Rm 901 9/F On Hong Commercial Building
No. 145 Hennessy Road Wanchai HK
香港灣仔軒尼詩道145號安康商業大廈9字樓901室
Tel : (852) 2529 9448

[●]

The Board of Directors

Wang On Properties Limited

5B, Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon

Dear Sirs,

Re: Valuation of property interests situated in Hong Kong

In accordance with the instructions of **Wang On Properties Limited** (the “**Company**”) to value the property interests (the “**Properties**”) held by the Company and its subsidiaries (altogether referred to as the “**Group**”) situated in Hong Kong, we confirm that we have carried out inspections of the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Properties as at **31 December 2015** (the “**date of valuation**”).

BASIS OF VALUATION

Our valuation of the Properties represents the market value which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

TITLESHIP

We have caused searches to be made at the appropriate Land Registry for the Properties. However, we have not verified ownerships of the Properties or to verify the existence of any amendments which do not appear on the copies handed to us. All documents have been used for reference only.

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PROPERTY VALUATION

VALUATION METHODOLOGY

In respect of classification of the properties in different groups as at the valuation date, The properties in Groups I are properties held for investment. The properties in Groups II are properties held for sale. The properties in Groups III are properties under development. The properties in Groups IV are properties held for future development. The properties in Groups V are properties rented by the Group.

In valuing the properties in Group I, which are properties held by the Group for investment, we have used Investment Approach on the basis of capitalisation of rental income derived from the existing tenancies (if any), with due allowance for reversionary potential of the property or, where appropriate, Direct Comparison Approach by marking reference to comparable sales evidence as available in the relevant market subject to suitable adjustments between the subject properties and the comparable properties.

In valuing the properties in Group II, which are properties held by the Group for sale, we have used the Direct Comparison Approach where comparison based on prices realised or market prices of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at the valuation.

In valuing the properties in Group III, which are properties under development, we have valued them on the basis that each of these properties will be developed and completed in accordance with the Group's latest development scheme provided. We have assumed that all the consents, approvals and licences from the relevant government authorities for the development scheme have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant authorities. In arriving at our valuation, we have adopted Direct Comparison Approach by making reference to comparable sales evidence as available in the market and have also taken into account the expended construction costs as well as the costs that will be expended to complete the developments. The development value if completed represents our opinion of the aggregate value of the development assuming it would have been completed at the date of valuation.

In valuing the properties in Group IV, which are properties held by the Group for future development, we have used the Direct Comparison Approach assuming sale of each of these properties in its existing state by making reference to comparable land sales transactions as available in the relevant market.

Due to the short term and non-assignable nature of the properties in Group V, we have assigned no commercial value to them.

ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the Properties on the market without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the Properties.

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PROPERTY VALUATION

Unless stated as otherwise, we have assumed that the owners of the Properties have the right to sell, mortgage, charge or otherwise dispose of the Properties to any person without payment of any additional premium or substantial fee to government authorities.

Other special assumptions for our valuation (if any) would be stated out in the footnotes of the valuation certificate attached herewith.

LIMITING CONDITIONS

No allowance has been made in our report for any charges, mortgages or amounts owing on the Properties valued nor for any expenses or taxation. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the floor areas in respect of the Properties but have assumed that the floor areas shown on the legal documents handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

The properties was inspected by Sandra Lau and her colleagues on between 25 October 2015 and 14 December 2015. We have inspected the exterior and, where possible, the interior of the Properties. However, no structural survey has been made for them. In the course of our inspection, we did not note any apparent defects. We are not, however, able to report whether the buildings and structures inspected by us are free of rot, infestation or any structural defect. No test was carried out on any of the building services and equipment.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

In valuing the properties, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

APPENDIX III

PROPERTY VALUATION

Unless otherwise stated, all monetary sums stated in this report are in Hong Kong Dollar (HK\$). Our summary of valuation and valuation certificate are attached herewith.

Yours faithfully,
for and on behalf of
Asset Appraisal Limited

Sandra Lau
MHKIS AAPI RPS(GP)
Director

Sandra Lau is a member of the Hong Kong Institute of Surveyors, an Associate of the Australian Property Institute and a Registered Professional Surveyor in General Practice. She is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Valuation Forum and has over 10 years' experience in valuation of properties in Hong Kong, in Macau and in the PRC.

APPENDIX III

PROPERTY VALUATION

Property	Market value in existing state as at 31 December 2015	Interest attributable to the Group as at 31 December 2015	Value of property interest attributable to the Group as at 31 December 2015
Group I — Properties held by the Group for Investment			
1. Shop B on Ground Floor, Nos. 106–108 Shau Kei Wan Road, Hong Kong	HK\$30,400,000	100%	HK\$30,400,000
2. 8th Floor, Kingsun Computer Industrial Building, No. 40 Shek Pai Wan Road, Hong Kong	HK\$16,800,000	100%	HK\$16,800,000
3. 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	HK\$241,000,000	100%	HK\$241,000,000
4. Ground Floor including Cockloft, Foon Shing Building, No. 732 Nathan Road, Kowloon	HK\$91,600,000	100%	HK\$91,600,000
5. Shops A, B and C on Ground Floor of No. 111 Ma Tau Wai Road, Kowloon	HK\$23,300,000	100%	HK\$23,300,000
6. Shop 1 and 2 on Ground Floor, “726 Nathan Road”, No. 726 Nathan Road, Kowloon	HK\$140,000,000	100%	HK\$140,000,000
7. Shop 6 on Ground Floor, Grandeur Garden, Nos. 14–18 Chik Fai Street, Nos. 55–65 Tai Wai Road, Shatin, New Territories	HK\$35,400,000	100%	HK\$35,400,000

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PROPERTY VALUATION

Property	Market value in existing state as at 31 December 2015	Interest attributable to the Group as at 31 December 2015	Value of property interest attributable to the Group as at 31 December 2015
8. Shop 3 on Level 1, Jade Plaza, No. 3 On Chee Road, Tai Po, New Territories	HK\$20,000,000	100%	HK\$20,000,000
Group II — Properties held by the Group for Sale			
9. Signage A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P and Q, "726 Nathan Road", No. 726 Nathan Road, Kowloon	HK\$4,800,000	100%	HK\$4,800,000
10. Commercial Units on 8th Floor, "726 Nathan Road", No. 726 Nathan Road, Kowloon	HK\$43,000,000	100%	HK\$43,000,000
11. Shop on 21st Floor, "726 Nathan Road", No. 726 Nathan Road, Kowloon	HK\$43,500,000	100%	HK\$43,500,000
12. 137 Car Parking Spaces on Level 1 of the Podium, Shatin Centre, Nos. 2–16 Wang Pok Street, Shatin, New Territories	HK\$142,000,000	100%	HK\$142,000,000
13. 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	HK\$823,000,000	100%	HK\$823,000,000

APPENDIX III

PROPERTY VALUATION

Property	Market value in existing state as at 31 December 2015	Interest attributable to the Group as at 31 December 2015	Value of property interest attributable to the Group as at 31 December 2015
Group III — Properties under Development			
14. Nos. 575 and 575A Nathan Road, Kowloon	HK\$430,000,000	100%	HK\$430,000,000
15. Sha Tin Town Lot No. 598 Hang Kwong Street, Ma On Shan, Sha Tin, New Territories	HK\$500,000,000	60%	HK\$300,000,000
16. Sha Tin Town Lot No. 599 Ma Kam Street, Ma On Shan, Sha Tin, New Territories	HK\$805,000,000	60%	HK\$483,000,000
17. Sha Tin Town Lot No. 587 Tai Po Road, Tai Wai, Sha Tin, New Territories.	HK\$790,000,000	100%	HK\$790,000,000

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PROPERTY VALUATION

Property	Market value in existing state as at 31 December 2015	Interest attributable to the Group as at 31 December 2015	Value of property interest attributable to the Group as at 31 December 2015
Group IV — Properties held by the Group for Future Development			
18. Nos. 13 and 15 Sze Shan Street, Yau Tong, Kowloon	HK\$370,000,000	100%	HK\$370,000,000
Group V — Properties rented by the Group			
19. 5B on 5th Floor of Wai Yuen Tong Medicine Building, No. 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong	No Commercial Value		No Commercial Value
Grand Total:	<u><u>HK\$4,549,800,000</u></u>		<u><u>HK\$4,027,800,000</u></u>

APPENDIX III

PROPERTY VALUATION

Group I — Properties held by the Group for Investment

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2015
1. Shop B on Ground Floor, Nos. 106–108 Shau Kei Wan Road, Hong Kong 20/107th shares of and in the Remaining Portion of Shaukiwan Inland Lot No. 472.	The property comprises a shop unit on ground floor of a 6-storey tenement building completed in about 1976. The saleable area of the property is approximately 791 square feet plus a yard of approximately 36 square feet. The property is held under Government Lease for a term of 75 years renewable for 75 years commencing on 31 January 1921.	As advised by the Company, the property was tenanted for a term of three years expiring on 6 August 2016 at a monthly rent of HK\$122,000 exclusive of rates and management fees.	HK\$30,400,000

Notes:

1. The registered owner of the property is Shiny World Investment Limited, a wholly-owned subsidiary of the Company, via an assignment registered vide memorial no.05062801090104 dated 31 May 2005.
2. The following encumbrances are registered in the land registry against the property:
 - a. Deed of Mutual Covenant of the subject development is registered vide memorial no. UB1307248 dated 24 September 1976.
 - b. The property is subject to legal charge/mortgage to secure all sums of money in favour of China Everbright Bank Co., Ltd., Hong Kong Branch vide memorial no. 13090901510185 dated 20 August 2013.
 - c. The property is subject to assignment of rentals in favour of China Everbright Bank Co., Ltd., Hong Kong Branch vide memorial no. 13090901510195 dated 20 August 2013.
3. The property falls within an area zoned "Residential (A) 2" under Shau Kei Wan Outline Zoning Plan No. S/H9/18 dated 17 April 2015.
4. According to a Building Surveying Report prepared by Fruit Design & Building Ltd. (referred as "**Building Surveying Report**"), there are some Unauthorised Building Works (UBW) summarised as followings:
 - a. A/C supporting frame attached to the external wall (<600mm);
 - b. Shop front with extension <300mm;
 - c. Clearance of adverting sign from ground <2.5m; and
 - d. Bulkhead extension <600mm.

As revealed from the Building Surveying Report, reinstatement works of portion of the UBW (as mentioned in note a and c above) can be completed in about 7 days at a total cost of HK\$120,000.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2015
2. 8th Floor, Kingsun Computer Industrial Building, No. 40 Shek Pai Wan Road, Hong Kong 2/42nd shares of and in Aberdeen Inland Lot No. 395.	<p>The property comprises an industrial space on the whole 8th floor of a 17-storey industrial building completed in about 1981.</p> <p>The saleable area of the property is approximately 2,956 square feet.</p> <p>The property is held under Conditions of Sale No. 11161 for a term of 75 years renewable for 75 years commencing on 17 January 1978.</p>	<p>As advised by the Company, the property was vacant as at the valuation date.</p>	HK\$16,800,000

Notes:

1. The registered owner of the property is City Global Limited, a wholly-owned subsidiary of the Company, via an assignment registered vide memorial no. 09110402090020 dated 8 October 2009.
2. The following encumbrances are registered in the land registry against the property:
 - a. Deed of Mutual Covenant of the subject development is registered vide memorial no. UB3959222 dated 23 December 1988.
3. The property falls within an area zoned "Residential (E)" under Aberdeen & Ap Lei Chau Outline Zoning Plan No. S/H15/29 dated 31 March 2014.
4. According to a Building Surveying Report of the property prepared by Fruit Design & Building Ltd., there exists some Unauthorised Building Works (UBW) summarised as followings:
 - a. Glass door without FRP and roller shutter at main entrance;
 - b. A/C supporting frame attached to the external wall (<600mm);
 - c. A/C supporting frame attached to the external wall (<600mm);
 - d. Light-weight canopies with projection <500mm; and
 - e. Roller shutter at the exit.

As revealed from the Building Surveying Report, reinstatement works of the above mentioned UBW can be completed in about 16 days at a total cost of HK\$168,000.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2015
3. 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. 1187/1643 of 2/197th shares of and in the Section Z of Inland Lot No. 29	The property comprises a shop unit on Ground Floor of a 14-storey tenement building completed in about 1967. The saleable area of the property is approximately 1,204 square feet. The property is held under Government Lease for a term of 982 years commencing on 25 June 1860.	As advised by the Company, the property was tenanted for a term of 3 years expiring on 15 February 2018 at a monthly rent of HK\$900,000 exclusive of rates and management fees with option to renew for a further term of 3 years at the then open market rent.	HK\$241,000,000

Notes:

1. The registered owner of the property is Oriental Sino Investments Limited, a wholly-owned subsidiary of the Company, via an assignment registered vide memorial no. 15030602650144 dated 16 February 2015 with consideration of \$210,000,000.
2. The following encumbrances are registered in the land registry against the property:
 - a. Deed of Mutual Covenant of the subject development is registered vide memorial no. UB579272 dated 29 March 1967.
 - b. Sub-Deed of Mutual Covenant of the subject development is registered vide memorial no. 15030602650150 dated 16 February 2015.
 - c. The property is subject to mortgage in favour of the Hongkong and Shanghai Banking Corporation Limited vide memorial no. 15030602650161 dated 16 February 2015.
 - d. The property is subject to Rent Assignment in favour of the Hongkong and Shanghai Banking Corporation Limited vide memorial no. 15030602650171 dated 16 February 2015.
3. The property falls within an area zoned "Commercial (1)" under Causeway Bay Outline Zoning Plan No. S/H6/15 dated 17 September 2010.
4. According to a Building Surveying Report of the property prepared by Fruit Design & Building Ltd., there exists some Unauthorised Building Works (UBW) summarised as followings:
 - a. Clearance of adverting sign from ground >2.5m;
 - b. A/C supporting frame attached to the external wall (<600mm).

As revealed from the Building Surveying Report, reinstatement works of the above mentioned UBW can be completed in about 3 days at a total cost of HK\$73,000.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2015
4. Ground Floor including Cockloft, Foon Shing Building, No. 732 Nathan Road, Kowloon.	The property comprises a shop unit on Ground Floor and a cockloft of a 12-storey composite building completed in about 1975.	As advised by the Company, the property was tenanted for a term of 3 years expiring on 2 March 2018 at a total monthly rent of HK\$200,000 exclusive of rates, government rent and management fees with option to renew for a further term of 2 years at the then open market rent.	HK\$91,600,000
8/30th shares of and in the Remaining Portion of Kowloon Inland Lot No. 2284.	The saleable area of the property is approximately 1,399 square feet plus a yard of approximately 31 square feet and a cockloft of approximately 1,096 square feet.		
	The property is held under Government Lease for a term of 75 years renewable for further 75 years commencing on 20 August 1928.		

Notes:

1. The registered owner of the property is Antic Investment Limited, a wholly-owned subsidiary of the Company, via an assignment registered vide memorial no. 10090902370109 dated 25 August 2010.
2. The following encumbrances are registered in the land registry against the property:
 - a. Deed of Mutual Covenant of the subject development is registered vide memorial no. UB1239471 dated 12 January 1976.
 - b. The property is subject to mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited for the consideration of all moneys vide memorial no. 10102601730025 dated 18 October 2010.
 - c. The property is subject to assignment of rental in favour of The Hongkong and Shanghai Banking Corporation Limited vide memorial no. 10102601730034 dated 18 October 2010.
 - d. The property is subject to Notice No. UMW/MW121203-007/0001 by the Building Authority under Section 30C(3) of the Buildings Ordinance. registered vide memorial no. 15081201400032 dated 7 November 2014.
3. The property falls within an area zoned "Commercial" under Mong Kok Outline Zoning Plan No. S/K3/30 dated 31 May 2013.
4. Pursuant a notice from Buildings Department dated 16 October 2015 regarding the compliance with mandatory Window Inspection Scheme Notice no. UMW/MW121203-007/0001, the notice has been complied.
5. According to a Building Surveying Report of the property prepared by Fruit Design & Building Ltd., there exists some Unauthorised Building Works (UBW) summarised as followings:
 - a. A/C supporting frame attached to the external wall (<600mm);
 - b. Glass shop front.

As revealed from Building Surveying Report, minor works submission record for the above mentioned UBW had been provided by the tenant.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2015
5. Shops A, B and C on Ground Floor of No. 111 Ma Tau Wai Road, Kowloon.	The property comprises three shop units on Ground Floor of a 8-storey tenement building completed in about 1957.	As advised by the Company, the property was tenanted for a term of 3 years expiring on 15 October 2017 at a monthly rent of HK\$60,000 exclusive of rates and management fees.	HK\$23,300,000
8/20 of 1/8th share of and in the Remaining Portion of Section A of Sub-section 3 of Section B of Kowloon Marine Lot No. 52.	The total saleable area of the property is approximately 332 square feet. The property is held under Government Lease for a term of 75 years renewable for further 75 years commencing on 25 September 1899.		

Notes:

1. The registered owner of the property is New Earth Investments Limited, a wholly-owned subsidiary of the Company, via an assignment registered vide memorial no. 11062801950072 dated 13 June 2011.
2. The following encumbrances are registered in the land registry against the property:
 - a. Deed of Mutual Covenant of the subject property is registered vide memorial no. UB267985 dated 13 November 1957.
 - b. Sub-Deed of Mutual Covenant of the subject property is registered vide memorial no. UB5353087 dated 3 June 1992.
 - c. The property is subject to Superseding Order No. CBZ/S1/027965/03/K by the Building Authority under S.24(1) of the Building Ordinance vide memorial no. 08120400560110 dated 29 October 2008.
 - d. The property is subject to mortgage in favour of DBS Bank (Hong Kong) Limited for the consideration of all moneys vide memorial no. 11062801950087 dated 13 June 2011.
 - e. The property is subject to assignment of rentals in favour of DBS Bank (Hong Kong) Limited vide memorial no. 11062801950097 dated 13 June 2011.
3. The property falls within an area zoned "Residential (A)" under Hung Hom Outline Zoning Plan No. S/K9/24 dated 15 October 2010.
4. According to a Building Surveying Report of the property prepared by Fruit Design & Building Ltd., there exists some Unauthorised Building Works (UBW) summarised as followings:
 - a. Bulkhead with extension <600mm;
 - b. Shop front with extension >300mm;
 - c. Clearance of adverting sign from ground <2.5m;
 - d. Shop front with extension <300mm;
 - e. Exhaust Duct >600mm;
 - f. FSBO direction.

As revealed from Building Surveying Report, reinstatement works of portion of the UBW (as mentioned in note c and e above) are to be handled by tenant. Such reinstatement works had been completed in February 2016.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2015
6. Shop 1 and 2 on Ground Floor, "726 Nathan Road", No. 726 Nathan Road, Kowloon.	The property comprises two shop units on Ground Floor of a 22-storey commercial building completed in about 2014.	As advised by the Company, the property was tenanted for a term of 4 years expiring on 20 November 2018 at a monthly rent of HK\$415,000 or 10% of gross sale (whichever is higher) exclusive of rates and management fees with option to renew for a further term of 2 years.	HK\$140,000,000
170/2739th shares of and in the Remaining Portion of Section A of and the Remaining Portion of Kowloon Inland Lot No. 2132	The total saleable area of the property is approximately 1,857 square feet. The property is held under Government Lease for a term of 75 years renewable for further 75 years commencing on 20 August 1928.		

Notes:

1. The registered owner of the property is City Target Limited, a wholly-owned subsidiary of the Company, via an assignment registered vide memorial no. 10122301290026 dated 30 November 2010.
2. The following encumbrances are registered in the land registry against the property:
 - a. Occupation Permit No. KN5/2014(OP) of the subject property is registered vide memorial no. 14022002060018 dated 13 February 2014.
 - b. Deed of Mutual Covenant and Management Agreement with Plans of the subject property is registered vide memorial no. 14031701390035 dated 3 March 2014.
 - c. The property is subject to mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited vide memorial no. 14090401720067 dated 28 August 2014.
 - d. The property is subject to rental assignment in favour of The Hongkong and Shanghai Banking Corporation Limited vide memorial no. 14090401720077 dated 28 August 2014.
3. The property falls within an area zoned "Commercial" under Mong Kok Outline Zoning Plan No. S/K3/30 dated 31 May 2013.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2015
7. Shop 6 on Ground Floor, Grandeur Garden, Nos. 14–18 Chik Fai Street, Nos. 55–65 Tai Wai Road, Shatin, New Territories. 15/12000th shares of and in Sha Tin Town Lot No. 199.	The property comprises a shop unit on Ground Floor of a 2-storey commercial podium of Grandeur Garden completed in about 1985. The gross floor area and saleable area of the property is approximately 674 square feet and 512 square feet respectively. The property is held under New Grant No. 11871 for a term of 99 years less the last 3 days thereof commencing on 1 July 1898. It was statutorily extended to 30 June 2047 with a condition of annual rent payment assessed by 3% of the rateable value.	As advised by the Company, the property was tenanted for a term of 3 years expiring on 1 October 2017 at a monthly rent of HK\$149,500 exclusive of rates and management fees.	HK\$35,400,000

Notes:

1. The registered owner of the property is Longable Limited, a wholly-owned subsidiary of the Company, via an assignment registered vide memorial no. 05031801360116 dated 1 March 2005.
2. The following encumbrances are registered in the land registry against the property:
 - a. Deed of Mutual Covenant of the subject development is registered vide memorial no. ST292000 dated 22 July 1985.
 - b. The property is subject to a mortgage and a rental assignment in favour of Hang Seng Bank Limited to secure all moneys vide memorial nos. 13100201480059 and 13100201480061 both dated 25 September 2013.
3. The property falls within an area zoned "Residential (A)" under Sha Tin Outline Zoning Plan No. S/ST/32 dated 11 December 2015.
4. According to a Building Surveying Report of the property prepared by Fruit Design & Building Ltd., there exists some Unauthorised Building Works (UBW) summarised as followings:
 - a. A/C supporting frame attached to the external wall (<600mm);
 - b. Shop front with extension <300mm;
 - c. Clearance of adverting sign from ground <2.5m;
 - d. Bulkhead extension <600mm;
 - e. Retractable canopy projecting >500mm at a height more than 2.5m from the floor.

As revealed from Building Surveying Report, reinstatement works of portion of the UBW (as mentioned in note a, c and e above) can be completed in about 7 days at a construction cost of HK\$118,000. The remaining portion should be removed by tenant.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2015
8. Shop 3 on Level 1, Jade Plaza, No. 3 On Chee Road, Tai Po, New Territories 118/5500 of 5500/16800th shares of and in Tai Po Town Lot No. 7.	The property comprises a shop unit on Level 1 of a 2-storey commercial podium completed in about 1986. The saleable area of the property is approximately 712 square feet. The property is held under New Grant No. TP11899 for a term of 99 years less the last 3 days thereof commencing on 1 July 1898. It was statutorily extended to 30 June 2047 with a condition of annual rent payment assessed by 3% of the rateable value.	As advised by the Company, the property was tenanted for a term of 2 years expiring on 19 August 2016 at a total monthly rent of HK\$110,000 exclusive of rates, government rent and management fees.	HK\$20,000,000

Notes:

1. The registered owner of the property is Wang To Investments Limited, a wholly-owned subsidiary of the Company, via an assignment registered vide memorial no. 10020202490067 dated 20 January 2010.
2. The following encumbrances are registered in the land registry against the property:
 - a. Deed of Mutual Covenant of the subject development is registered vide memorial no. TP242036 dated 24 February 1986.
 - b. Sub-Deed of Mutual Covenant of the subject development is registered vide memorial no. TP247033 dated 10 April 1986.
 - c. The property is subject to legal charge/mortgage in favour of Citic Bank International Limited for the consideration of all moneys vide memorial no. 10062202200190 dated 18 June 2010.
 - d. The property is subject to rental assignment in favour of Citic Bank International Limited vide memorial no. 10062202200202 dated 18 June 2010.
3. The property falls within an area zoned as "Residential (A) 4" under Tai Po Outline Zoning Plan no. S/TP/26 dated 18 September 2015.
4. According to a Building Surveying Report of the property prepared by Fruit Design & Building Ltd., there exists some Unauthorised Building Works (UBW) summarised as followings:
 - a. Clearance of adverting sign from ground <2.5m.

As revealed from Building Surveying Report, reinstatement works of the above mentioned UBW can be completed in about 3 days at a construction cost of HK\$43,000.

APPENDIX III

PROPERTY VALUATION

Group II — Properties held by the Group for Sale

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2015
9. Signage A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P and Q, "726 Nathan Road", No. 726 Nathan Road, Kowloon 17/2739th shares of and in the Remaining Portion of and the Remaining Portion of Section A of Kowloon Inland Lot No. 2132	The property comprises 17 signages on the external wall of a 22-storey commercial building completed in about 2014. The property has a total area of approximately 772 square feet. The property is held under Government Lease for a term of 75 years renewable for further 75 years commencing on 20 August 1928.	Signage K of the property was subject to a licence for a term expired on 12 January 2016, the extension/renewal of which is currently under negotiation. As advised by the Company, the remaining portion of the property was either vacant or owner occupied.	HK\$4,800,000

Notes:

1. The registered owner of the property is City Target Limited, a wholly-owned subsidiary of the Company, via an assignment registered vide memorial no. 10122301290026 dated 30 November 2010 (Re KIL 2132 S.A. R.P. and KIL 2132 R.P.).
2. The following encumbrances are registered in the land registry against the property:
 - a. Occupation Permit No. KN5/2014 (OP) of the subject development was registered vide memorial no. 14022002060018 dated 13 February 2014.
 - b. Deed of Mutual Covenant and Management Agreement with Plans of the subject development is registered vide memorial no. 14031701390035 dated 3 March 2014.
3. The property falls within an area zoned "Commercial" under Mong Kok Outline Zoning Plan No. S/K3/30 dated 31 May 2013.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2015
10. Commercial Unit on 8th Floor, "726 Nathan Road", No. 726 Nathan Road, Kowloon. 130/2739th shares of and in the Remaining Portion of and the Remaining Portion of Section A of Kowloon Inland Lot No. 2132	The property comprises a shop on 8th Floor of a 22-storey commercial building completed in about 2014. The gross floor area and saleable area of the property is approximately 2,200 square feet and 1,360 square feet respectively. The property is held under Government Lease for a term of 75 years and renewable for another 75 years commencing on 20 August 1928.	As advised by the Company, the property was vacant as at the valuation date.	HK\$43,000,000

Notes:

1. The registered owner of the property is City Target Limited, a wholly-owned subsidiary of the Company, via an assignment registered vide memorial no. 10122301290026 dated 30 November 2010 (Re KIL 2132 S.A. R.P. and KIL 2132 R.P.).
2. The following encumbrances are registered in the land registry against the property:
 - a. Occupation Permit No. KN5/2014 (OP) of the subject development was registered vide memorial no. 14022002060018 dated 13 February 2014.
 - b. Deed of Mutual Covenant and Management Agreement with Plans of the subject development was registered vide memorial no. 14031701390035 dated 3 March 2014.
 - c. 蓋印副本傳訊令狀 (Re: 區域法院民事訴訟2015年第5488號) in favour of Join Win Holdings Limited and City Target Limited was registered vide memorial no. 15120800070016 dated 5 December 2015.
 - d. 蓋印副本傳訊令狀 (Re: 民事訴訟2015年第5308號) in favour of All Cheer Industrial Limited City Target Limited and Join Win Holdings Limited was pending registration vide memorial no. 15112601790015 dated 24 January 2015.
3. The property falls within an area zoned "Commercial" under Mong Kok Outline Zoning Plan No. S/K3/30 dated 31 May 2013.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2015
11. Shop on 21st Floor, "726 Nathan Road", No. 726 Nathan Road, Kowloon.	The property comprises a shop on 21st Floor of a 22-storey commercial building completed in about 2014.	As advised by the Company, the property was vacant as at the valuation date.	HK\$43,500,000
130/2739th shares of and in the Remaining Portion of and the Remaining Portion of Section A of Kowloon Inland Lot No. 2132	The gross floor area and saleable area of the property is approximately 2,200 square feet and 1,360 square feet respectively. The property is held under Government Lease for a term of 75 years and renewable for another 75 years commencing on 20 August 1928.		

Notes:

1. The registered owner of the property is City Target Limited, a wholly-owned subsidiary of the Company, via an assignment registered vide memorial no. 10122301290026 dated 30 November 2010 (Re KIL 2132 S.A. R.P. and KIL 2132 R.P.).
2. The following encumbrances are registered in the land registry against the property:
 - a. Occupation Permit No. KN5/2014 (OP) of the subject development was registered vide memorial no. 14022002060018 dated 13 February 2014.
 - b. Deed of Mutual Covenant and Management Agreement with Plans of the subject development is registered vide memorial no. 14031701390035 dated 3 March 2014.
 - c. An Agreement for Sale and Purchase with Plan vide memorial no. 15101201760124 was entered into between City Target Limited as seller and two Independent Third Parties as purchasers (as Joint Tenant) on 29 September 2015, under which the property is to be sold at a consideration of HK\$43,500,000 upon terms and conditions therein contained. The sale and purchase of the property has been completed on 15 February 2016.
3. The property falls within an area zoned "Commercial" under Mong Kok Outline Zoning Plan No. S/K3/30 dated 31 May 2013.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2015
12. 137 Car Parking Spaces on Level 1 of the Podium, Shatin Centre, Nos. 2-16 Wang Pok Street, Shatin, New Territories. 548/65000th shares of and in the Sha Tin Town Lot No.16	Shatin Centre is a residential estate of 8 blocks of 27-storey residential towers surmounted on a 3-storey car parking and commercial podium completed in about 1981. The property comprises 137 car parking spaces on Level 1 of the podium within Shatin Centre. The property is held under New Grant No. 11171 for a term of 99 years less the last 3 days thereof commencing on 1 July 1898. It was statutorily extended to 30 June 2047 with a condition of annual rent payment assessed by 3% of the rateable value.	The property was vacant.	HK\$142,000,000

Notes:

1. The registered owner of the property is Union Fortune Development Limited via an assignment registered vide memorial no. ST584955 dated 22 May 1991.
2. The following encumbrances are registered in the land registry against the property:
 - a. The property is subject to a Occupation Permit vide memorial no. ST205212 dated 30 December 1981.
 - b. The property is subject to a Deed of Mutual Covenant & Management Agreement vide memorial no. ST206719 dated 20 January 1982.
 - c. The property is subject to an Agreement for Sale and Purchase vide memorial no. 15091101720057 dated 14 August 2015 in favour of Million Link Investments Limited, a wholly-owned subsidiary of the Company, at a consideration of HK\$96,800,000.
3. The property falls within an area zoned "Commercial/Residential" under Sha Tin Outline Zoning Plan No. S/ST/32 dated 11 December 2015.
4. As at 31 December 2015, the Company held 137 car parking spaces in Shatin Centre. As at Latest Practicable Date, the Company had disposed of 48 car parking spaces for a total consideration of HK\$53,270,000, and the remaining 89 car parking spaces had a total value of HK\$88,730,000 as at 31 December 2015.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2015
<p>13. 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. (<i>Note 1</i>)</p> <p>19,520/430,000th equal and undivided shares of and in the Remaining Portion of Tsuen Wan Town Lot No. 303</p>	<p>The property is a 9-storey shopping arcade plus two basement levels known as "Riviera Plaza" and it was completed in 1990.</p> <p>The total gross floor area of the property (exclusive of the Car Parking Spaces) is approximately 242,689 square feet (22,546.57 square metres).</p> <p>The Property is held under New Grant No. TW6577 for a term of 99 years less the last 3 days thereof commencing from 1 July 1898 and the term has been statutorily extended to 30 June 2047. The current Government Rent payable for the Property is an amount equal to 3% of the rateable value for the time being of the Property per annum.</p>	<p>Portion of the roof of the property was subject to 3 licences for terms of 2 years expiring on between 31 December 2015 and 19 March 2017 at a total monthly licence fee of HK\$122,620. And portion of the car parking spaces have been rented on monthly basis.</p> <p>As advised by the Company, the remaining portion the property was vacant.</p>	<p>HK\$823,000,000</p>

Notes:

1. The Property is all those 19,520 equal undivided 430,000th parts or shares of and in all that piece or parcel ground registered in the Land Registry as the Remaining Portion of Tsuen Wan Town Lot No. 303 and of and in the messages erections and buildings thereon now known as "Riviera Gardens" (the "**Development**") together with the sole and exclusive rights and privilege to hold, use, occupy and enjoy of first all that Commercial Unit of the separate commercial building now known as "Riviera Plaza" of the Development and secondly all that Car Parking Space no. 1 on 2nd basement of Riviera Plaza of the Development and thirdly all those Car Parking Spaces (excluding car parking space no. 1 on 2nd basement) of Riviera Plaza of the Development.
2. The registered owner of the property is World Way Investments Limited, a wholly-owned subsidiary of the Company, vide memorial no. 13072402130119 dated 2 July 2013.
3. The following encumbrances are registered in the land registry against the property:
 - a. Deed of Mutual Covenant vide memorial no. TW530360 dated 30 August 1988;
 - b. Management Agreement vide memorial no. TW530362 dated 30 August 1988;
 - c. Occupation Permit No. NT108/90 vide memorial no. TW691377 dated 24 August 1990;
 - d. Certificate of Compliance vide memorial no. TW887572 dated 4 May 1993; and
 - e. Sub-deed of Mutual Covenant vide memorial no. TW924125 dated 29 September 1993.
 - f. Temporary waiver letter vide memorial no. TW1334395 dated 23 February 2000 (Remarks: Re Portion of G/F, 1/F, 2/F and 3/F) (Re: Commercial Unit of Riviera Plaza)
 - g. Mortgage and assignment of rental in favour of The Hongkong and Shanghai Banking Corporation Limited vide memorial nos. 13072402130120 and 13072402130136 both dated 2 July 2013.

APPENDIX III

PROPERTY VALUATION

4. The property falls within an area zoned as "Commercial (1)" under Tsuen Wan Outline Zoning Plan no. S/TW/31 dated 17 January 2014.

5. An agreement was entered into between, inter alia, East Run Investments Limited as seller and an Independent Third Party as purchaser on 1 December 2015, under which, inter alia, the entire issued share capital of Level Success Limited, which is the legal and beneficial owner of all the entire issued share capital of World Way Investments Limited, is to be sold at a consideration of HK\$823,000,000 and upon terms and conditions therein contained, which has been completed on 15 February 2016.

APPENDIX III

PROPERTY VALUATION

Group III — Properties under Development

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2015
14. Nos. 575 and 575A Nathan Road, Kowloon.	The property comprises two parcels of land with a total site area of approximately 2,130 square feet (197.88 square metres) or thereabouts.	As at the valuation date, the property is under construction.	HK\$430,000,000
Kowloon Inland Lot Nos. 9425 and 9443.	Pursuant to the building schedule provided by the company, the property is planned to be developed into a 19-storey commercial building with a total gross floor area of approximately 25,465 square feet.		
	The property is held under Conditions of Regrant Nos. 9020 and 9024 for a term of 150 years commencing on 25 December 1887.		

Notes:

1. The registered owner of the property is Vincent Investments Limited, a wholly-owned subsidiary of the Company, via an assignment registered vide memorial no. 13032601740035 dated 11 March 2013.
2. The following encumbrances are registered in the land registry against the property:
 - a. The property is subject to a mortgage in favour of The Hong Kong and Shanghai Banking Corporation Limited vide memorial no. 13041902790078 dated 22 March 2013.
3. The property is subject to the Conditions of Regrant Nos. 9020 and 9024 which stipulated, inter alia, that:

“The lot shall not be used for industrial purposes and no factory building shall be erected thereon.”
4. The property falls within an area zoned “Commercial” under Yau Ma Tei Outline Zoning Plan No. S/K2/22 dated 16 May 2014.
5. The development condition based on the scheme as follows:
 - i. Total Gross Floor Area 25,465 square feet or thereabouts.
 - ii. Plot Ratio 11.955
 - iii. Maximum Height Not exceeding a height of 100 metres above the Hong Kong Principal Datum as stipulated on the Yau Ma Tei Outline Zoning Plan No. S/K2/22.
 - iv. Site Class A
6. According to the information provided by the Company, as at the date of valuation, the construction costs already expended on the property and the further construction costs for completing the property are approximately HK\$10,700,000 and HK\$110,000,000 respectively. The market value of the property as if it were fully completed on the valuation date is 734,000,000.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2015
15. Sha Tin Town Lot No. 598 Hang Kwong Street, Ma On Shan, Sha Tin, New Territories. Sha Tin Town Lot No. 598.	The property comprises a parcel of land with a site area of approximately 33,368 square feet (3,100 square metres) or thereabouts. The property is planned to be developed into a residential building with a total gross floor area of approximately 115,088.01 square feet. The property is held under New Grant No. 21890 for a term of 50 years commencing from 11 September 2014.	As at the valuation date, the property was under construction.	HK\$500,000,000

Notes:

1. The registered owner of the property is New Rich Investments Limited, a 60%-owned subsidiary of the Company.
2. The following encumbrances are registered in the land registry against the property:
 - a. The property is subject to a Building Mortgage and Debenture in favour of Hang Seng Bank Limited registered vide memorial no. 15041702150123 dated 30 March 2015.
3. The property falls within an area zoned "Residential (Group B) 3" under Ma On Shan Outline Zoning Plan No. S/MOS/21 dated 27 March 2015.
4. In our course of valuation, we adopt the following development conditions to carry the valuation:
 - i. Total Gross Floor Area 115,088.01 square feet or thereabouts.
 - ii. Plot Ratio 3.45
 - iii. Maximum Height Not exceeding a height of 60 metres above the Hong Kong Principal Datum as stipulated on the Conditions of Sale
 - iv. Site Class B
5. According to the information provided by the Company, as at the date of valuation, the construction costs already expended on the property and the further construction costs for completing the property are approximately HK\$35,200,000 and HK\$519,600,000 respectively. The market value of the property as if it were fully completed on the valuation date is 1,244,000,000.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2015
16. Sha Tin Town Lot No. 599, Ma Kam Street, Ma On Shan, Sha Tin, New Territories.	The property comprises a parcel of land with a site area of approximately 33,272 square feet (3,091 square metres) or thereabouts.	As at the valuation date, the property was under construction.	HK\$805,000,000
Sha Tin Town Lot No. 599	The property is planned to be developed into a residential building with a total gross floor area of approximately 200,209.66 square feet.		
	The property is held under New Grant No. 21863 for a term of 50 years commencing from 25 July 2014.		

Notes:

1. The registered owner of the property is Grandwall Investment Limited, a 60%-owned subsidiary of the Company.
2. The property is subject to a Building Mortgage in favour of The Hong Kong and Shanghai Banking Corporation Limited for all moneys vide memorial no. 14120402360400 dated 21 November 2014.
3. The property falls within an area zoned "Residential (Group B) 4" under Ma On Shan Outline Zoning Plan No. S/MOS/21 dated 27 March 2015.
4. In our course of valuation, we adopt the following development conditions to carry the valuation:
 - i. Total Gross Floor Area 200,209.66 square feet or thereabouts.
 - ii. Plot Ratio 6.02
 - iii. Maximum Height Not exceeding a height of 90 metres above the Hong Kong Principal Datum as stipulated on the Conditions of Sale
 - iv. Site Class B
5. According to the information provided by the Company, as at the date of valuation, the construction costs already expended on the property and the further construction costs for completing the property are approximately HK\$39,600,000 and HK\$852,700,000 respectively. The market value of the property as if it were fully completed on the valuation date is 2,059,000,000.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2015
17. Sha Tin Town Lot No. 587, Tai Po Road, Tai Wai, Sha Tin, New Territories.	The property comprises a parcel of land with a site area of approximately 70,504 square feet (6,550 square metres) or thereabouts.	As at the valuation date, the property was under construction.	HK\$790,000,000.
Sha Tin Town Lot No. 587	The property is planned to be developed into a residential building with a total gross floor area of approximately 147,918.88 square feet.		
	The property is held under New Grant No. 22040 for a term of 50 years commencing from 3 February 2015.		

Notes:

1. The registered owner of the property is Ever World Limited, a wholly-owned subsidiary of the Company.
2. The following encumbrances are registered in the land registry against the property:
 - a. The property is subject to a Building Mortgage and Debenture in favour of The Hong Kong and Shanghai Banking Corporation Limited vide memorial no. 15030202150173 dated 3 February 2015.
3. The property falls within an area zoned "Residential (Group B)" under Sha Tin Outline Zoning Plan No. S/ST/32 dated 11 December 2015.
4. In our course of valuation, we adopt the following development conditions to carry the valuation:
 - i. Total Gross Floor Area 147,918.88 square feet or thereabouts.
 - ii. Plot Ratio 2.10
 - iii. Maximum Height Not exceeding a height of 85 metres above the Hong Kong Principal Datum as stipulated on the Condition of Sales.
 - iv. Site Class A
5. According to the information provided by the Company, as at the date of valuation, the construction costs already expended on the property and the further construction costs for completing the property are approximately HK\$3,100,000 and HK\$672,600,000 respectively. The market value of the property as if it were fully completed on the valuation date is 1,875,000,000.

APPENDIX III

PROPERTY VALUATION

Group IV — Properties held by the Group for Future Development

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2015
18. Nos. 13 and 15 Sze Shan Street, Yau Tong, Kowloon.	The property comprises two parcels of land with a total site area of approximately 41,080 square feet (3,816.40 square metres) or thereabouts.	As at the valuation date, the property was a bare site.	HK\$370,000,000 (refer to Note 6)
Yau Tong Inland Lot Nos. 23 and 24.	Pursuant to the development schedule provided by the Company, the property is planned to be developed into a residential building with a total gross floor area of approximately 271,615.50 square feet. The property is held under Conditions of Sale Nos. 10800 and 10806 for the terms of 99 years less the last 3 days thereof. It was statutorily extended to 30 June 2047 with a condition of annual rent payment assessed by 3% of the rateable value.		

Notes:

1. The registered owner of the property is Double Bright Limited, a wholly-owned subsidiary of the Company, via an assignment registered vide memorial no. 10042101890076 dated 23 March 2010.
2. The following encumbrances are registered in the land registry against the property:
 - a. Lot No.23 of the property is subject to a mortgage and an assignment of rental in favour of the Hong Kong and Shanghai Banking Corporation Limited vide memorial nos. 09110401180071 and 09110401180082 both dated 8 October 2009.
 - b. Lot No.24 of the property is subject to a mortgage and an assignment of rental in favour of the Hong Kong and Shanghai Banking Corporation Limited vide memorial nos. 10042101890089 and 10042101890098 both dated 29 March 2010.
3. The property falls within an area zoned "Residential (Group E)" under Cha Kwo Ling, Yau Tong, Lei Yue Mun Outline Zoning Plan No. S/K15/23 dated 6 November 2015.
4. The development condition based on the latest approved scheme as follows:
 - i. Total Gross Floor Area 271,615.50 square feet or thereabouts.
 - ii. Plot Ratio 6.61
Bonus Plot Ratio 0.614 (By Road Widening)
Domestic 5.61
Non-Domestic 1.0
 - iii. Maximum Height Not exceeding a height of 140 metres above the Hong Kong Principal Datum as stipulated on the Cha Kwo Ling, Yau Tong, Lei Yue Mun Outline Zoning Plan No. S/K15/22.
 - iv. Site Class C

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PROPERTY VALUATION

5. The market value of the property has been arrived on the basis that the lease modification process including payment of land premium has been completed.
6. As at the valuation date, the lease modification process is under process and the land premium has not yet been settled and the amount is still under negotiation.

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PROPERTY VALUATION

Group V — Properties rented by the Group

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2015
19.	5B on 5th Floor of Wai Yuen Tong Medicine Building, No. 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.	The property comprises a portion of workshop on 5th Floor of a 7-storey industrial building completed in about 1985. The saleable area of the property is approximately 6,635 square feet.	The property is occupied by the Group as office.	No commercial value
	New Kowloon Inland Lot No. 5864	The property is rented by the Group under a tenancy for a term expiring on 26 March 2017 for office uses at a monthly rental of HK\$85,550 exclusive of management fees and other outgoings.		

Notes:

1. The registered owner of the property is Hong San Limited vide memorial no. 11082602400466 dated 22 August 2011.
2. Pursuant to a tenancy agreement entered into between Wai Yuen Tong Medicine Holdings Limited (as Landlord) and Wang On Services Limited (as Tenant) on 21 December 2015, the Tenant rented the property from the Landlord for a term expiring on 26 March 2017 at a monthly rental of HK\$85,550 exclusive of management fees, rates, Government rent, air-conditioning charges and other outgoing.
3. The property falls within an area zoned "Other Specified Use (Business)" under Draft Ngau Tau Kok and Kowloon Bay Outline Zoning Plan No. S/K13/28 dated 11 April 2014.

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**SUMMARY OF THE CONSTITUTION OF
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Set out below is a summary of certain provisions of the memorandum of association and bye-laws of the Company and of certain aspects of Bermuda company law.

The Company was incorporated in Bermuda as an exempted company with limited liability on 19 November, 2015 under Bermuda company law. The Company's constitutional documents consist of its Memorandum of Association ("**Memorandum of Association**") and its Bye-laws ("**Bye-laws**").

1. MEMORANDUM OF ASSOCIATION

The Memorandum of Association states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the Company is an exempted company as defined in the Companies Act. The Memorandum of Association also sets out the objects for which the Company was formed which are unrestricted and that the Company has the capacity, rights, powers and privileges of a natural person. As an exempted company, the Company will be carrying on business outside Bermuda from a place of business within Bermuda.

In accordance with and subject to section 42A of the Companies Act, the Memorandum of Association empowers the Company to purchase its own shares and pursuant to its Bye-laws, this power is exercisable by the board of Directors (the "board") upon such terms and subject to such conditions as it thinks fit.

2. BYE-LAWS

The Bye-laws were conditionally adopted on 17 March 2016 to take effect on the [REDACTED]. The following is a summary of certain provisions of the Bye-laws:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

If at any time the capital is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Bye-laws relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons or (in the case of a member being a corporation) its duly authorised representative holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or (in the case of a member being a corporation) its duly

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**SUMMARY OF THE CONSTITUTION OF
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authorised representative or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

(iii) Alterations of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Act:

- (i) increase its share capital by the creating of new shares;
- (ii) consolidate any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes;
- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association;
- (v) change the currency denomination of its share capital;
- (vi) make provision for the issue and allotment of shares which do not carry any voting rights; and
- (vii) cancel any shares which, at the date of passing of the resolution, have not been taken by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may, by special resolution, subject to any confirmation or consent required by law, reduce its authorised or issued share capital or, save for the use of share premium as expressly permitted by the Companies Act, any share premium account or other undistributable reserve.

(iv) Transfer of shares

All transfers of shares may be effected in any manner permitted by and in accordance with the rules of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") by an instrument of transfer in the usual or common form or in a form prescribed by the Stock Exchange or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

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The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in Bermuda or such other place in Bermuda at which the principal register is kept in accordance with the Companies Act.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as the Stock Exchange may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in an appointed newspaper and, where applicable, any other newspapers in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and the Company has no lien on them.

(v) Power for the Company to purchase its own shares

The power of the Company to purchase its own shares is exercisable by the board upon such terms and conditions as it thinks fit.

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(vi) Power for any subsidiary of the Company to own shares in the Company

There are no provisions in the Bye-laws relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or instalments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect.

Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

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(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or, subject to authorisation by the members in general meeting, as an addition to the existing board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the members in general meeting. Any Director appointed by the board to fill a casual vacancy shall hold office until the first general meeting of Members after his appointment and be subject to re-election at such meeting and any Director appointed by the board as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) provided that the notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention to do so and be served on such Director fourteen (14) days before the meeting and, at such meeting, such Director shall be entitled to be heard on the motion for his removal. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors unless otherwise determined from time to time by members of the Company.

There is no shareholding qualification for Directors nor is there any provisions relating to retirement of Directors upon reaching any age limit.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period (subject to their continuance as Directors) and upon such terms as the board may determine and the board may revoke or terminate any of such appointments (but without prejudice to any claim for damages that such Director may have against the Company or vice versa). The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees

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either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Act, any preference shares may be issued or converted into shares that are liable to be redeemed, at a determinable date or at the option of the Company or, if so authorised by the Memorandum of Association, at the option of the holder, on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution determine. The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

All unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Bye-laws relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Bye-laws or the Companies Act to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may from time to time at its discretion exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Act, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such remuneration (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any

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Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Bye-law. A Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependants or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependants are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

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(vii) Loans and provision of security for loans to Directors

There are no provisions in the Bye-laws relating to the making of loans to Directors. However, the Companies Act contains restrictions on companies making loans or providing security for loans to their directors, the relevant provisions of which are summarised in the paragraph headed "Bermuda Company Law" in this Appendix.

(viii) Financial assistance to purchase shares of the Company

Subject to compliance with the rules and regulations of the Stock Exchange and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

(ix) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of auditor of the Company) in conjunction with his office of Director for such period and, subject to the Companies Act, upon such terms as the board may determine, and may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Bye-laws. A Director may be or become a director or other officer of, or a member of, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Bye-laws, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Act and to the Bye-laws, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

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A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested but this prohibition shall not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Alterations to constitutional documents and the Company's name

The Memorandum may, with the consent of the Minister of Finance of Bermuda (if required), be altered by the Company in general meeting. The Bye-laws may be rescinded, altered or amended by the Directors subject to the confirmation of the Company in general meeting. The Bye-laws state that a special resolution shall be required to alter the provisions of the Memorandum of Association, to confirm any such rescission, alteration or amendment to the Bye-laws or to change the name of the Company.

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(d) Meetings of shareholders

(i) Special resolution

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Bye-laws (see paragraph 2(d)(iv) below for further details).

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Bye-laws, at any general meeting on a poll every member present in person or by proxy or (being a corporation) by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share.

A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares held by that clearing house (or its nominee(s)) in respect of the number and class of shares specified in the relevant authorisation including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

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(iii) Annual general meetings

An annual general meeting of the Company must be held in each year and within a period of not more than 15 months after the holding of the last preceding annual general meeting unless a longer period would not infringe the rules of any Stock Exchange.

(iv) Notices of meetings and business to be conducted thereat

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings (including a special general meeting) must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such.

Any notice to be given to or by any person pursuant to the Bye-laws may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers published daily and circulating generally in Hong Kong and in accordance with the requirements of the Stock Exchange. Subject to compliance with Bermuda law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

(v) Quorum for meetings and separate class meetings

For all purposes the quorum for a general meeting shall be two members present in person or (in the case of a member being a corporation) by its duly authorised representative or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.

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(e) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the provisions of the Companies Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or, subject to the Companies Act, at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right of inspecting any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting.

Subject to the Companies Act, a printed copy of the Directors' report, accompanied by the balance sheet and profit and loss account, including every document required by law to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the auditors' report, shall be sent to each person entitled thereto at least twenty-one (21) days before the date of the general meeting and at the same time as the notice of annual general meeting and laid before the Company at the annual general meeting in accordance with the requirements of the Companies Act provided that this provision shall not require a copy of those documents to be sent to any person whose address the Company is not aware of or to more than one of the joint holders of any shares or debentures; however, to the extent permitted by and subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Subject to the Companies Act, at the annual general meeting or at a subsequent special general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the members appoint another auditor. Such auditor may be a member but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company. The remuneration of the auditor shall be fixed by the Company in general meeting or in such manner as the members may determine.

(f) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board. The Company in general meeting may also make a distribution to its members out of contributed surplus (as ascertained in accordance with the Companies Act). No dividend shall be paid or

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distribution made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than its liabilities.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to a member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

(g) Inspection of register of members

The register and branch register of members shall be open to inspection between 10:00 a.m. and 12:00 noon during business hours by members of the public without charge at the registered office or such other place in Bermuda at which the register is kept in accordance with the Companies Act, unless the register is closed in accordance with the Companies Act.

(h) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Bye-laws relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Bermuda law, as summarised in paragraph 3(o) of this Appendix.

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(i) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Act, divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(j) Untraceable members

The Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Stock Exchange giving notice of its intention to sell such shares and a period of three months, or such shorter period as may be permitted by the Stock Exchange, has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(k) Other provisions

The Bye-laws provide that to the extent that it is not prohibited by and is in compliance with the Companies Act, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

The Bye-laws also provide that the Company is required to maintain at its registered office a register of directors and officers in accordance with the provisions of the Companies Act and such register is open to inspection by members of the public without charge between 10:00 a.m. and 12:00 noon during business hours.

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3. BERMUDA COMPANY LAW

The Company is incorporated in Bermuda and, therefore, operates subject to Bermuda law. Set out below is a summary of certain provisions of Bermuda company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Bermuda company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Incorporation

The Company was incorporated by registration as an exempted company under the Companies Act on 19 November, 2015. The Company was brought into existence by depositing its Memorandum with the Registrar of Companies in Bermuda (the "**Registrar**").

(b) Constitution

The business activities of a Bermudian company are governed by the provisions of its memorandum of association which sets out its specific business objects and the powers that may be exercised in support of its principal business objects. Bermuda law distinguishes between objects and powers, the latter being regarded as supplemental to the principal business objects.

The objects set out or included by reference in the different paragraphs of the objects clause in a company's memorandum of association shall not, unless otherwise stated, be limited or restricted in any way by reference to or inference from the terms of any other paragraph in the memorandum of association and such objects may be carried out in as full and ample a manner and construed in such a manner as if each paragraph defined the objects of a separate and independent company and each is construed as a primary object.

A company may, by resolution passed at a general meeting of members of which due notice has been given, alter its memorandum of association. After approval of the alteration by the members in general meeting, certain filings must be made with the Registrar. It is also necessary to obtain the Minister's consent to the alteration if the company carries on any "restricted business activity" as defined in the Companies Act.

The bye-laws govern a company's administration and the relationship between its members and its board of directors, and are required to make provision for certain limited matters.

The members of a company are entitled to receive copies of the company's memorandum of association and bye-laws upon request. Each person who agrees to become a member of a company and whose name is entered in the register of members is deemed to be a member of the company.

(c) Taxation

Under present Bermuda law, no Bermuda withholding tax on dividends or other distributions, nor any Bermuda tax computed on profits or income or on any capital asset, gain or appreciation will be payable by an exempted company or its operations, and there is no Bermuda tax in the

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nature of estate duty or inheritance tax applicable to shares, debentures or other obligations of the company held by non-residents of Bermuda. Furthermore, a company may apply to the Minister of Finance of Bermuda for an assurance, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, that no such taxes shall be so applicable to it or any of its operations until 31st March 2035, although this assurance will not prevent the imposition of any Bermuda tax payable in relation to any land in Bermuda leased or let to the company or to persons ordinarily resident in Bermuda.

(d) Stamp duty

An exempted company is exempt from all stamp duties except on transactions involving "Bermuda property". This term relates, essentially, to real and personal property physically situated in Bermuda, including shares in local companies (as opposed to exempted companies). Transfers of shares and warrants in all exempted companies are exempt from Bermuda stamp duty.

(e) Prospectus issues and public offers

Where a company proposes to make an offer of its shares to the public, it may be subject to the requirement of the Companies Act to publish in writing a prospectus prior to the offer and file a prospectus prior to or as soon as reasonably practicable after publication of such a prospectus. Under the Companies Act, the "public" is broadly defined. However, certain types of offers may be treated as not being made to the public. Amongst these is an offer to existing holders of the same class of shares without any right of renunciation and an offer which is not calculated to result, directly or indirectly, in shares becoming available to either more than 35 persons or persons whose ordinary business involves the acquisition, disposal or holding of shares, whether as principal or agent. The Companies Act expressly provides that it is not necessary to publish and file a prospectus, at any time or in any circumstances, where:

- (i) the shares of the company are listed on an appointed stock exchange or an application has been made for the shares to be so listed and the rules of the appointed stock exchange do not require the company to publish and file a prospectus at such time or in such circumstances;
- (ii) the company is subject to the rules or regulations of a competent regulatory authority and such rules or regulations do not require the company to publish and file a prospectus at such time or in such circumstances, except where exemption from publication and filing of a prospectus is given by reason of the offer being made only to persons who are resident outside the jurisdiction of the authority; or
- (iii) an appointed stock exchange or any competent regulatory authority has received or otherwise accepted a prospectus or other document in connection with the offer of shares to the public.

The contents provisions of the Companies Act require disclosure of certain matters relating to a company including the names of its officers, its business, the rights and restrictions attaching to its shares, a report of its auditors and a statement on the minimum amount of subscription which, in the opinion of the directors, must be raised in order for the offer to become effective. If the

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minimum subscription is not raised within 120 days of the publication of the prospectus, no shares may be allotted and the subscription monies must be returned to applicants. It should also be noted that the auditors' report must relate to a period ended not more than eighteen months prior to the date of the prospectus, provided that where the relevant period ended more than six months prior to the issue of the prospectus, there must also be included unaudited financial statements for a fiscal quarter which ended not more than four months prior to the date of the prospectus.

(f) Exchange control

An exempted company is usually designated as "non-resident" for Bermuda exchange control purposes by the Bermuda Monetary Authority ("BMA"). Where a company is so designated, it is free to deal in currencies of countries outside the Bermuda exchange control area which are freely convertible into currencies of any other country. The permission of the BMA is required for the issue of shares and securities by the company and the subsequent transfer of such shares and securities. In granting such permission, the BMA accepts no responsibility for the financial soundness of any proposals or for the correctness of any statements made or opinions expressed in any document with regard to such issue. Before the company can issue or transfer any further shares and securities in excess of the amounts already approved, it must obtain the prior consent of the BMA.

The BMA has granted general permission for the issue and transfer of shares and securities to and between persons regarded as resident outside Bermuda for exchange control purposes without specific consent for so long as any equity securities, including shares, are listed on an appointed stock exchange (as defined in the Companies Act). Issues to and transfers involving persons regarded as "resident" for exchange control purposes in Bermuda will be subject to specific exchange control authorisation.

In granting such permission, the BMA accepts no responsibility for the financial soundness of any proposals or for the correctness of any statements made or opinions expressed in this document with regard to them.

(g) Share capital

The Companies Act provides that where a company issues shares at a premium (i.e. for a price in excess of the par value thereof), whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares must be transferred to an account, to be called the "share premium account", to which the provisions of the Companies Act relating to a reduction of share capital of a company shall apply as if the share premium account was paid up share capital of the company except that the share premium account may be applied by the company:

- (i) in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares;
- (ii) in writing off:
 - (aa) the preliminary expenses of the company; or

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- (bb) the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; or
- (iii) in providing for the premiums payable on redemption of any shares or of any debentures of the company.

In the case of an exchange of shares the excess value of the shares acquired over the nominal value of the shares being issued may be credited to a contributed surplus account of the issuing company.

The Companies Act permits a company to issue preference shares and subject to the conditions stipulated therein to convert those preference shares into redeemable preference shares.

The Companies Act includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. Where provision is made by the memorandum of association or bye-laws for authorising the variation of rights attached to any class of shares in the company, the consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required, and where no provision for varying such rights is made in the memorandum of association or bye-laws and nothing therein precludes a variation of such rights, the written consent of the holders of three-fourths of the issued shares of that class or the sanction of a resolution passed as aforesaid is required.

(h) Alteration of share capital

A company may, if authorised by a general meeting of its members and by its bye-laws, alter the conditions of its memorandum of association to increase its share capital, divide its shares into several classes and attach to those shares any preferential, deferred, qualified or special rights, privileges or conditions, consolidate all or any of its share capital into shares of a larger amount than its existing shares, subdivide its shares or any of them into shares of a smaller amount than is fixed by the memorandum of association, make provision for the issue and allotment of shares which do not carry any voting rights, cancel shares which have not been taken or agreed to be taken by any person, diminish the amount of its share capital by the amount of the shares so cancelled and change the currency denomination of its share capital. With the exception of an increase of capital, cancellation of shares and redenomination of currency of capital, there are no filing requirements for any such alterations.

Furthermore a company may, if authorised by a general meeting of its members, reduce its share capital. There are certain requirements, including a requirement before the reduction to publish a notice in an appointed newspaper stating the amount of the share capital as last determined by the company, the amount to which the share capital is to be reduced and the date on which the reduction is to have effect. A company is not permitted to reduce the amount of its share capital if on the date the reduction is to be effected there are reasonable grounds for believing that the company is, or after the reduction would be, unable to pay its liabilities as they become due.

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(i) Purchase by a company of its own shares

A company may, if authorised by its memorandum of association or bye-laws, purchase its own shares. Such purchases may only be effected out of the capital paid up on the purchased shares or out of the funds of the company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. Any premium payable on a purchase over the par value of the shares to be purchased must be provided for out of funds of the company otherwise available for dividend or distribution or out of the company's share premium account. Any amount due to a shareholder on a purchase by a company of its own shares may (i) be paid in cash; (ii) be satisfied by the transfer of any part of the undertaking or property of the company having the same value; or (iii) be satisfied partly under (i) and partly under (ii). Any purchase by a company of its own shares may be authorised by its board of directors or otherwise by or in accordance with the provisions of its bye-laws. Such purchase may not be made if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the company is, or after the purchase would be, unable to pay its liabilities as they become due. The shares so purchased may either be cancelled or held as treasury shares. Any purchased shares that are cancelled will, in effect, revert to the status of authorised but unissued shares. If shares of the company are held as treasury shares, the company is prohibited to exercise any rights in respect of those shares, including any right to attend and vote at meetings, including a meeting under a scheme of arrangement, and any purported exercise of such a right is void. No dividend shall be paid to the company in respect of shares held by the company as treasury shares; and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) shall be made to the company in respect of shares held by the company as treasury shares. Any shares allotted by the company as fully paid bonus shares in respect of shares held by the company as treasury shares shall be treated for the purposes of the Companies Act as if they had been acquired by the company at the time they were allotted.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Bermuda law that a company's memorandum of association or its bye-laws contains a specific provision enabling such purchases.

Under Bermuda law, a subsidiary may hold shares in its holding company and in certain circumstances, may acquire such shares. A company, whether a subsidiary or a holding company, may only purchase its own shares if it is authorised to do so in its memorandum of association or bye-laws pursuant to section 42A of the Companies Act.

(j) Transfer of securities

Under Bermuda law, a company may only register a transfer of shares in or debentures of the company where a proper instrument of transfer has been delivered to the company unless the transfer is by operation of law or the transfer is made in accordance with the rules or regulations of an appointed stock exchange on which the shares or debentures of the company are listed or admitted to trading.

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(k) Dividends and distributions

A company may not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of the company's assets would thereby be less than its liabilities. Contributed surplus is defined for purposes of section 54 of the Companies Act to include the proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets to the company.

(l) Charges on assets of a company

The Registrar maintains a register of charges in respect of a company. Every charge over the assets of a company may be submitted to the Registrar for registration against the company.

Registration constitutes notice to the public of the interest of the chargee in or over the charged assets. Any registered charge will have priority over any subsequently registered charge and any unregistered charge. Where charges are created after 1 July, 1983, priority is based upon the date of registration and not the date of creation of the charge. There is no time within which a charge must be registered in order to be effective.

(m) Management and administration

The Companies Act contains no specific restrictions on the power of directors to dispose of assets of a company, although it specifically requires that every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Furthermore, the Companies Act requires that every officer should comply with the Companies Act, regulations passed pursuant to the Companies Act and the bye-laws of the company. The directors of a company may, subject to the bye-laws of the company, exercise all the powers of the company except those powers that are required by the Companies Act or the bye-laws to be exercised by the members of the company.

(n) Loans to directors

Bermuda law prohibits a company from (i) making loans to any of its directors (or any directors of its holding company) or to their spouse or children or to companies (other than a company which is a holding company or a subsidiary of the company making the loan, or as the case may be, of the company entering into guarantee or providing security in connection with a loan made to such director his spouse or children by any other person) in which they own or control directly or indirectly more than a twenty per cent. (20%) interest, or (ii) entering into any guarantee or providing any security in connection with a loan made to such persons as aforesaid by any other person, without the consent of any member or members holding in aggregate not less than nine-tenths of the total voting rights of all members having the right to vote at any meeting of the members of the company.

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These prohibitions do not apply to (a) anything done to provide a director with funds to meet the expenditure incurred or to be incurred by him for the purposes of the company, provided that the company gives its prior approval at a general meeting or, if not, the loan is made on condition that it will be repaid within six months of the next following annual general meeting or in the case of a company that has made an election to dispense with annual general meetings in accordance with the Companies Act, at or before the next following general meeting which shall be convened within 12 months of the authorisation of the making of the loan, if the loan is not approved at or before such meeting, (b) in the case of a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons, anything done by the company in the ordinary course of that business, or (c) any advance of moneys by the company to any officer or auditor under Section 98(2)(c) of the Companies Act which allows the company to advance moneys to an officer or auditor of the company for the costs incurred in defending any civil or criminal proceedings against them, on condition that the officer or auditor shall repay the advance if any allegation of fraud or dishonesty is proved against them. If the approval of the company is not given for a loan, the directors who authorised it will be jointly and severally liable for any loss arising therefrom.

(o) The investigation of the affairs of a company and protection of minorities

Under the Companies Act, the Minister of Finance may at any time of his own volition or on the application of such proportion of the members of the company as in his opinion warrants the application based on their shareholding, appoint one or more inspectors to investigate the affairs of a company and to report thereon in such manner as he may direct.

Class actions and derivative actions are generally not available to shareholders under the laws of Bermuda. The Bermuda courts, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong done to the company where the act complained of is alleged to be beyond the corporate power of the company or is illegal or would result in the violation of the company's memorandum of association and bye-laws. Furthermore, consideration would be given by the court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than actually approved it.

Any member of a company who complains that the affairs of the company are being conducted or have been conducted in a manner oppressive or prejudicial to the interests of some part of the members, including himself, may petition the court which may, if it is of the opinion that to wind up the company would unfairly prejudice that part of the members but that otherwise the facts would justify the making of a winding up order on just and equitable grounds, make such order as it thinks fit, whether for regulating the conduct of the company's affairs in future or for the purchase of shares of any members of the company by other members of the company or by the company itself and in the case of a purchase by the company itself, for the reduction accordingly of the company's capital, or otherwise. Bermuda law also provides that the company may be wound up by the Bermuda court, if the court is of the opinion that it is just and equitable to do so. Both these provisions are available to minority shareholders seeking relief from the oppressive conduct of the majority, and the court has wide discretion to make such orders as it thinks fit.

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Except as mentioned above, claims against a company by its shareholders must be based on the general laws of contract or tort applicable in Bermuda.

A statutory right of action is conferred on subscribers of shares in a company against persons, including directors and officers, responsible for the issue of a prospectus in respect of damage suffered by reason of an untrue statement therein, but this confers no right of action against the company itself. In addition, such company, as opposed to its shareholders, may take action against its officers including directors, for breach of their statutory and fiduciary duty to act honestly and in good faith with a view to the best interests of the company.

(p) Inspection of corporate records

Members of the general public have the right to inspect the public documents of a company available at the office of the Registrar which will include the company's certificate of incorporation, its memorandum of association (including its objects and powers) and any alteration to the company's memorandum of association. The members of the company have the additional right to inspect the bye-laws of a company, minutes of general meetings and the company's audited financial statements. Minutes of general meetings of a company are also open for inspection by directors of the company without charge for not less than two (2) hours during business hours each day. The register of members of a company is open for inspection by members of the public without charge. The company is required to maintain its share register in Bermuda but may, subject to the provisions of the Companies Act, establish a branch register outside Bermuda. Any branch register of members established by the company is subject to the same rights of inspection as the principal register of members of the company in Bermuda. Any person may on payment of a fee prescribed by the Companies Act require a copy of the register of members or any part thereof which must be provided within fourteen (14) days of a request. Bermuda law does not, however, provide a general right for members to inspect or obtain copies of any other corporate records.

A company is required to maintain a register of directors and officers at its registered office and such register must be made available for inspection for not less than two (2) hours in each day by members of the public without charge. If summarized financial statements are sent by a company to its members pursuant to section 87A of the Companies Act, a copy of the summarized financial statements must be made available for inspection by the public at the registered office of the company in Bermuda.

(q) Restrictions on the activities of exempted companies

Unless specially authorised by the Companies Act, a company is not permitted to: (i) acquire or hold land in Bermuda except land required for its business held by way of lease or tenancy agreement for a term not exceeding fifty years or with the Minister's consent, land by way of lease or tenancy agreement for a term not exceeding twenty-one years in order to provide accommodation or recreational facilities for its officers and employees, (ii) except as specifically authorised, take any mortgage of land in Bermuda, (iii) acquire any bonds or debentures secured on any land in Bermuda except bonds or debentures issued by the Government or a public authority in Bermuda, and (iv) to carry on business in Bermuda save for certain exceptions which include (aa) carrying on business with persons outside Bermuda, (bb) carry on business in Bermuda with another exempted company in furtherance only of the business of the company

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outside Bermuda, (cc) carry on business in Bermuda as manager or agent for, or consultant or adviser to any exempted company or permit company which is affiliated, whether or not incorporated in Bermuda, with the exempted company, and (dd) carry on such business in relation to an exempted partnership or an overseas partnership in which the exempted company is a partner.

(r) Accounting and auditing requirements

The Companies Act requires a company to cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company.

Furthermore, it requires that a company keeps its records of account at the registered office of the company or at such other place as the directors think fit and that such records must at all times be open to inspection by the directors or the resident representative of the company. If the records of account are kept at some place outside Bermuda, there must be kept at the office of the company in Bermuda such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each three month period, except that where the company is listed on an appointed stock exchange, there must be kept such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each six month period.

The Companies Act requires that the directors of the company must, at least once a year, lay before the company in general meeting financial statements for the relevant accounting period. Further, the company's auditor must audit the financial statements so as to enable him to report to the members. Based on the results of his audit, which must be made in accordance with generally accepted auditing standards, the auditor must then make a report to the members. The generally accepted auditing standards may be those of a country or jurisdiction other than Bermuda or such other generally accepted auditing standards as may be appointed by the Minister of Finance of Bermuda under the Companies Act; and where the generally accepted auditing standards used are other than those of Bermuda, the report of the auditor shall identify the generally accepted auditing standards used. All members of the company are entitled to receive a copy of every financial statement prepared in accordance with these requirements, at least five (5) days before the general meeting of the company at which the financial statements are to be tabled. A company the shares of which are listed on an appointed stock exchange may send to its members summarized financial statements instead. The summarized financial statements must be derived from the company's financial statements for the relevant period and contain the information set out in the Companies Act. The summarized financial statements sent to the company's members must be accompanied by an auditor's report on the summarized financial statements and a notice stating how a member may notify the company of his election to receive financial statements for the relevant period and/or for subsequent periods.

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The summarized financial statements together with the auditor's report thereon and the accompanied notice must be sent to the members of the company not less than twenty-one (21) days before the general meeting at which the financial statements are laid. Copies of the financial statements must be sent to a member who elects to receive the same within seven (7) days of receipt by the company of the member's notice of election.

(s) Continuation and discontinuation of companies

- (i) A company incorporated outside Bermuda may be continued in Bermuda as an exempted company to which the provisions of the Companies Act and any other relevant laws of Bermuda may apply. The consent of the Minister will be required if the company's memorandum of continuance includes special objects enabling it to carry on any "restricted business activity" as defined in the Companies Act; and
- (ii) an exempted company may be continued in a country or jurisdiction outside Bermuda as if it had been incorporated under the laws of that other jurisdiction and be discontinued under the Companies Act, provided that, inter alia, it is an appointed jurisdiction pursuant to the Companies Act, or has been approved by the Minister, upon application by the company for the purpose of the discontinuance of the company out of Bermuda.

(t) Winding-up and liquidation

(i) Introduction:

The winding-up of a Bermuda company is governed by the provisions of the Companies Act and by the Companies (Winding-Up) Rules 1982 (the "Rules") and may be categorised as either a voluntary winding-up or a compulsory winding-up.

(ii) Voluntary Winding-Up:

- (aa) **Members' Voluntary Winding-up** — A members' voluntary winding-up is only possible if a company is solvent. A statutory declaration of solvency to the effect that a company is able to meet its debts within 12 months from the date of the commencement of its winding-up is sworn by a majority of the company's directors and filed with the Registrar.

A general meeting of members is then convened which resolves that the company be wound-up voluntarily and that a liquidator be appointed.

Once the affairs of the company are fully wound-up, the liquidator prepares a full account of the liquidation which he then presents to the company's members at a special general meeting called for that purpose. This special general meeting must be advertised in an appointed newspaper in Bermuda at least one month before it is held. Within one week after this special general meeting is held, the liquidator shall notify the Registrar that the company has been dissolved.

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- (bb) **Creditors' Voluntary Winding-up** — A creditors' voluntary winding-up may occur where a company is insolvent and a statutory declaration of solvency cannot be sworn.

A board meeting is convened which resolves to recommend to the members of the company that the company be placed into a creditors' voluntary winding-up. This recommendation is then considered and, if thought fit, approved at a special general meeting of the company's members and, subsequently, at a meeting of the company's creditors.

Notice of the creditors' meeting must appear in an appointed newspaper on at least two occasions and the directors must provide this meeting with a list of the company's creditors and a full report of the position of the company's affairs.

At their respective meetings, the creditors and members are entitled to nominate a person or persons to serve as liquidator(s). In addition, the creditors are entitled to appoint a committee of inspection which, under Bermuda law, is a representative body of creditors who assist the liquidator during the liquidation.

As soon as the affairs of the company are fully wound-up, the liquidator prepares his final account explaining the liquidation of the company and the distribution of its assets which he then presents to the company's members in a special general meeting and to the company's creditors in a meeting. Within one week after the last of these meetings, the liquidator sends a copy of the account to the Registrar who proceeds to register it in the appropriate public records and the company is deemed dissolved three months after the registration of this account.

(iii) Compulsory Winding-Up:

The courts of Bermuda may wind-up a Bermuda company on a petition presented by persons specified in the Companies Act, which include the company itself and any creditor or creditors of the company (including contingent or prospective creditors) and any member or members of the company.

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Any such petition must state the grounds upon which the Bermuda court has been asked to wind-up the company and may include any of the following:

- (aa) that the company has by resolution resolved that it be wound-up by the Bermuda court;
- (bb) that the company is unable to pay its debts; and
- (cc) that the Bermuda court is of the opinion that it is just and equitable that the company be wound-up.

The winding-up petition seeks a winding-up order and may include a request for the appointment of a provisional liquidator.

Prior to the winding-up order being granted and the appointment of the provisional liquidator, an interim provisional liquidator may be appointed to administer the affairs of the company with a view to its winding-up until he is relieved of these duties by the appointment of the provisional liquidator.

As soon as the winding-up order has been made, the provisional liquidator summons separate meetings of the company's creditors and members in order to determine whether or not he should serve as the permanent liquidator or be replaced by some other person who will serve as the permanent liquidator and also to determine whether or not a committee of inspection should be appointed and, if appointed, the members of that committee. The provisional liquidator notifies the court of the decisions made at these meetings and the court makes the appropriate orders.

A permanent liquidator's powers are prescribed by the Companies Act. His primary role and duties are the same as a liquidator in a creditors' voluntary winding-up, namely to distribute the company's assets ratably amongst its creditors whose debts have been admitted.

As soon as the affairs have been completely wound-up, the liquidator applies to the courts of Bermuda for an order that the company be dissolved and the company is deemed dissolved from the date of this order being made.

4. GENERAL

Conyers Dill & Pearman, the Company's legal advisers on Bermuda law, have sent to the Company a letter of advice summarising certain aspects of Bermuda company law. This letter, together with a copy of the Companies Act, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VI. Any person wishing to have a detailed summary of Bermuda company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

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A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR GROUP

1. Incorporation of our Company

Our Company was incorporated in Bermuda under the Companies Act as an exempted company with limited liability on 19 November 2015 under the name of Wang On Properties Limited 宏安地產有限公司. Our Company's registered office is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

Our Company has established a principal place of business in Hong Kong at 5B, Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 22 December 2015. Mr. Wong Yiu Hung Gary of Flat E, 55/F., Block 2, Liberte, 833 Lai Chi Kok Road, Cheung Sha Wan, Kowloon, Hong Kong and Ms. Wong Chin Han of Room 1909, Yi Lai House, Yau Lai Estate, Yau Tong, Kowloon, Hong Kong were appointed as the Hong Kong authorised representatives of our Company on 4 December 2015 to accept service of process and any notices required to be served on our Company in Hong Kong.

As our Company was incorporated in Bermuda, it operates subject to Bermuda law and its constitutive documents comprising the Memorandum of Association and the Bye-laws. A summary of the certain parts of our constitution and relevant aspects of the Companies Act is set out in the section headed "Summary of the Constitution of the Company and Bermuda Company Law" in Appendix IV to this [REDACTED].

2. Changes in the Share Capital of our Company

As at the date of our Company's incorporation, the authorised share capital of our Company was HK\$100,000 divided into 10,000,000 shares of a par value of HK\$0.01 each. The following alterations in the share capital of our Company have taken place since its date of incorporation up to the date of this [REDACTED].

- (a) On 2 December 2015, 100,000 Shares were allotted and issued to WOE.
- (b) On 2 February 2016, the authorised share capital of our Company was increased from HK\$100,000 to HK\$50,000,000 by the creation of an additional 4,990,000,000 Shares.
- (c) On 16 March 2016, Earnest Spot acquired from WOE the entire issued share capital in our Company, for a consideration of HK\$1.00.
- (d) On 17 March 2016, our sole Shareholder resolved that conditional on the share premium account of our Company being credited as a result of the [REDACTED], our Directors were authorised to capitalise the sum of [REDACTED] (or any such amount any one Director may determine) from the amount standing to the credit of the share premium account of our Company and apply such sum in paying up in full at par [REDACTED] Shares (or any such number of Shares any one Director may determine) for allotment and issue to our Shareholders whose names appeared on the register of members of our Company at close of

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business on 30 March 2016 (or another date as our Directors may direct) in proportion to their then existing Shareholdings in our Company and such Shares to be allotted and issued shall rank *pari passu* in all respects with our existing issued Shares.

- (e) Immediately after the Capitalisation Issue and the [REDACTED] (assuming that all Qualifying Parentco Shareholders take up their respective [REDACTED] under the [REDACTED] in full, and without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED]), WOG, the Qualifying Parentco Shareholders and other New Public Shareholders will respectively hold approximately [REDACTED]%, [REDACTED]% and [REDACTED]% of the enlarged issued share capital of our Company.

Save as disclosed above and in “— Written Resolutions of our Sole Shareholder Passed on 17 March 2016” below, there has been no alteration in the share capital of our Company since the date of its incorporation.

3. Written Resolutions of our Sole Shareholder Passed on 17 March 2016

Pursuant to the written resolutions of the sole Shareholder (Earnest Spot) of our Company passed on 17 March 2016:

- (a) conditional on the share premium account of our Company being credited as a result of the [REDACTED], our Directors were authorised to capitalise the sum of [REDACTED] (or any such amount any one Director may determine) and apply the same in paying up in full at par [REDACTED] Shares (or any such number of Shares any one Director may determine) for allotment and issue to the Shareholders whose names appeared on the register of members of our Company at the close of business on 30 March 2016 (or another date as our Directors may direct) in proportion to their then existing shareholdings in our Company and such Shares to be allotted and issued shall rank *pari passu* in all respects with our existing issued Shares;
- (b) the Bye-laws were approved and adopted in substitution for and to the exclusion of the existing bye-laws of the Company and to become immediately effective conditional on the [REDACTED] of the Shares on the Stock Exchange on the [REDACTED];
- (c) conditional upon (i) the Listing Committee granting approval of the [REDACTED] of, and permission to deal in, the Shares in issue and to be issued pursuant to the [REDACTED], the Capitalisation Issue and the [REDACTED]; (ii) the [REDACTED] having been fixed on the [REDACTED]; and (iii) the obligations of the [REDACTED] under the [REDACTED] becoming unconditional or waived (including, if relevant, as a result of the waiver of any condition(s) by the [REDACTED] (for itself and on behalf of the [REDACTED])) and the [REDACTED] not being terminated in accordance with its terms or otherwise, the Spin-off, the [REDACTED] and the [REDACTED] were approved and any one Director is authorised and directed (a) to implement the Spin-off, the [REDACTED] and the [REDACTED]; (b) to allot and issue the [REDACTED] pursuant to the [REDACTED] and the [REDACTED] and such number of Shares as may be required to be allotted and issued on and subject to the terms and conditions stated in the [REDACTED] and the relevant [REDACTED]; and (c) to do all things and execute all documents in connection with or incidental to the Spin-off and the [REDACTED] and the [REDACTED] subject to such modifications, amendments,

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variations or otherwise (if any) as may be made by our Board (or any committee of the Board thereof established by our Board) in its absolute discretion, and our Board or any such committee of the Board or any one Director was authorised and directed to effect such modifications, amendments variations or otherwise as necessary or appropriate;

- (d) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with (otherwise than by way of rights issue, scrip dividend schemes or similar arrangements in accordance with the Bye-laws, or an issue of Shares upon the exercise of the [REDACTED] or any options which may be granted under any option scheme or similar arrangement for the time being adopted) Shares not exceeding 20.0% of the aggregate number of issued Shares of our Company immediately following completion of the Spin-off, the Capitalisation Issue and the [REDACTED] (but excluding any Shares which may be issued upon the exercise of the [REDACTED]), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next general meeting of our Company is required by the Bye-laws or any applicable laws of Bermuda to be held, or the passing of an ordinary resolution of the Shareholders in a general meeting revoking, varying or renewing such mandate, whichever is the earliest;
- (e) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares not more than 10.0% of the aggregate number of issued shares of our Company immediately following completion of the Spin-off, the Capitalisation Issue and the [REDACTED] (but excluding any Shares which may be issued upon the exercise of the [REDACTED]) until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by the Bye-laws or any applicable laws of Bermuda to be held, or the passing of an ordinary resolution of the Shareholders in a general meeting revoking, varying or renewing such mandate which is the earliest;
- (f) the extension of the general mandate to allot, issue and deal with the Shares as mentioned in sub-paragraph (d) by the addition to the aggregate number of Shares of our Company which may be allotted and issued or agreed conditionally or unconditionally to be allotted or issued by our Directors pursuant to such general mandate of the aggregate number of issued shares of our Company repurchased by our Company pursuant to sub-paragraph (e) above, provided that such extended amount shall not exceed 10.0% of the aggregate number of issued shares of our Company immediately following completion of the Spin-off, the Capitalisation Issue and the [REDACTED] (but excluding any Shares which may be issued upon the exercise of the [REDACTED]);

Immediately following the [REDACTED] becoming unconditional and the issue of Shares as mentioned herein being made, but without taking into account any Shares which may be issued upon the exercise of the [REDACTED], the authorised share capital of our Company will be HK\$50,000,000 divided into 5,000,000,000 Shares and the issued share capital will be [REDACTED] divided into [REDACTED] Shares, all fully paid or credited as fully paid and [REDACTED] Shares will remain

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unissued. There is no present intention to issue any of the authorised but unissued share capital of our Company and no issue of Shares which would effectively alter the control of our Company will be made without the prior approval of our Shareholders in a general meeting.

4. Changes in the Share Capital of our Company’s Subsidiaries

Our Company’s subsidiaries as at Latest Practicable Date are set out in the Accountants’ Report, the text of which is set out in Appendix I to this [REDACTED].

Save as disclosed in this Appendix and in the section headed “History, Development and Reorganisation” of this [REDACTED], the following alterations in the share capital of our Company’s subsidiaries took place during the two years immediately preceding the date of this [REDACTED] up to the Latest Practicable Date:

Miracle Cheer

On 18 November 2015, Miracle Cheer was incorporated in the BVI as a limited liability company and is authorised to issue 50,000 shares of a single class each with a par value of US\$1.00, one share of which was allotted and issued to WOE for US\$1.00, the first shareholder of Miracle Cheer.

On 16 March 2016, WOE transferred one share in Miracle Cheer, representing the entire issued share capital of Miracle Cheer, to our Company for a consideration of HK\$1.00.

Sparkle Hope

On 18 November 2015, Sparkle Hope was incorporated in the BVI as a limited liability company and is authorised to issue 50,000 shares of a single class each with a par value of US\$1.00, one share of which was allotted and issued to WOE for US\$1.00, the first shareholder of Sparkle Hope.

On 16 March 2016, WOE transferred one share in Sparkle Hope, representing the entire issued share capital of Sparkle Hope, to Miracle Cheer for a consideration of HK\$1.00.

Wang On Services

On 27 October 2015, Wang On Services was incorporated in Hong Kong as a limited liability company with one share allotted and issued to the subscriber, namely Bosco Consultancy Limited, for HK\$1.00.

On 5 November 2015, Bosco Consultancy Limited transferred one share in Wang On Services, representing the entire issued share capital of Wang On Services, to East Run for HK\$1.00.

Wang On Corporate

On 29 October 2015, Wang On Corporate was incorporated in Hong Kong as a limited liability company with one share allotted and issued to the subscriber, namely Bosco Consultancy Limited, for HK\$1.00.

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On 5 November 2015, Bosco Consultancy Limited transferred one share in Wang On Corporate, representing the entire issued share capital of Wang On Corporate, to East Run for HK\$1.00.

Wang On Secretarial

On 2 November 2015, Wang On Secretarial was incorporated in Hong Kong as a limited liability company with one share allotted and issued to the subscriber, namely Bosco Consultancy Limited for HK\$1.00.

On 5 November 2015, Bosco Consultancy Limited transferred one share in Wang On Secretarial, representing the entire issued share capital of Wang On Secretarial, to East Run for HK\$1.00.

Grandwall

Grandwall was incorporated in Hong Kong on 13 May 2011 as a limited liability company with one share allotted and issued to the subscriber, namely Acota Services Limited, for HK\$1.00, the first shareholder of Grandwall. On 2 January 2013, Acota Services Limited transferred the one share in Grandwall to More Action.

On 20 June 2014, More Action transferred one share in Grandwall to Beyond Dragon, and on the same date, 59 shares and 40 shares in the share capital of Grandwall were allotted and issued to Beyond Dragon and Kam Wah Successful Limited for HK\$59.00 and HK\$40.00, respectively.

New Rich

New Rich was incorporated in Hong Kong on 1 November 2007 as a limited liability company with one share allotted and issued to the subscriber, namely Bosco Nominees Limited, for HK\$1.00, the first shareholder of New Rich.

On 10 December 2007, Bosco Nominees Limited transferred one share in New Rich to Suitbest Investments Limited. On 17 September 2008, Suitbest Investments Limited transferred one share in New Rich to Shiney Day Investments Limited. On 24 November 2008, Shiney Day Investments Limited transferred one share in New Rich to Wang On Commercial Management Limited. On 22 November 2012, Wang On Commercial Management Limited transferred one share in New Rich to More Action. On 26 February 2014, More Action transferred one share in New Rich to Synergy Best.

On 8 August 2014, 59 shares and 40 shares in the share capital of New Rich were allotted and issued to Synergy Best and Kam Wah Sure Win Limited for HK\$59.00 and HK\$40.00, respectively.

5. Particulars of our Company's subsidiaries

For a summary of the corporate information of our Company's subsidiaries, please refer to the Accountant's Report in Appendix I to this [REDACTED].

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6. Reorganisation

In preparation for the [REDACTED], the companies comprising our Group underwent the Reorganisation and our Company became the holding company of our Group. For information with regard to the Reorganisation, please refer to the section headed “History, Development and Reorganisation” in this [REDACTED].

7. Repurchase by our Company of its own Securities

This section includes information required by the Stock Exchange to be included in this [REDACTED] concerning the repurchase by our Company of its own securities.

(a) Relevant legal and regulatory requirements

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their own shares on the Stock Exchange subject to certain restrictions, amongst which it is provided that:

(i) Shareholders’ approval

All proposed repurchases of securities (which must be fully-paid up in the case of shares) on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of its shareholders, either by way of a general mandate or by specific approval of a particular transaction.

Pursuant to the written resolutions of our sole Shareholder passed on 17 March 2016, the Repurchase Mandate was given to our Directors to exercise all the powers of our Company to repurchase, on the Stock Exchange or any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares not exceeding 10.0% of the aggregate number of issued shares of our Company immediately following completion of the Spin-off, the Capitalisation Issue and the [REDACTED]. The Repurchase Mandate will remain in effect until (a) the conclusion of the next annual general meeting of our Company, (b) the expiration of the period within which the next annual general meeting of our Company is required by any applicable laws or the Bye-laws to be held or (c) the passing of an ordinary resolution by Shareholders in general meeting revoking, varying or renewing the Repurchase Mandate, whichever is the earliest.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Bye-laws of our Company and the Listing Rules and the applicable laws in Bermuda. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

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Any repurchases by our Company may be made out of the capital paid up on the repurchased Shares or out of the funds of the Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purpose. Any premium payable on a repurchase over the par value of the Shares to be repurchased must be provided for out of funds of the Company otherwise available for dividend or distribution or out of the Company's share premium account.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a buy-back (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such purchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from purchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from purchasing its securities if that purchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect the purchases of its securities discloses to the Stock Exchange such information with respect to such purchases made on behalf of such company as the Stock Exchange may require.

(iv) Status of Purchased Shares

The listing of all securities which are purchased by a listed company (whether effected on the Stock Exchange or otherwise) will be automatically cancelled and the certificates for those securities must be cancelled and destroyed as soon as reasonably practicable.

(v) Suspension of Repurchases

A listed company may not make any purchase of its securities after inside information has come to its knowledge, until such information is made publicly available. In particular, during the period of one month immediately preceding the earlier of (1) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarter or any other interim period (whether or not required under the Listing Rules) and (2) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarter or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, such listed company may not purchase its securities on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a listed company from purchasing its securities on the Stock Exchange if such listed company has breached the Listing Rules.

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(vi) Reporting Requirements

Certain information relating to buy-backs made by a company of its securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding such purchases of securities made during the year, including a monthly analysis of the number of securities purchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid. The directors' report shall contain references to the purchases made during the year and the directors' reasons for making such purchases.

(vii) Connected Persons

A listed company is prohibited from knowingly purchasing its securities on the Stock Exchange from a "core connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their close associates, and a core connected person is prohibited from knowingly selling his securities to the company.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Repurchases of Shares will only be made when and to the extent that our Directors believe that such repurchases will benefit our Company and our Shareholders. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or the earnings per Share.

(c) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Bye-laws, the Listing Rules and the applicable laws of Bermuda.

There could be a material adverse impact on the working capital or gearing position of our Company (as compared with the position disclosed in this [REDACTED]) in the event that the Repurchase Mandate was to be carried out in full at any time during the share repurchase period. However, our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(d) Number of Shares which may be repurchased

On the basis of [REDACTED] Shares in issue immediately following completion of the Spin-off, the Capitalisation Issue and the [REDACTED] (without taking into account the exercise of the [REDACTED]), our Directors would be authorised under the Repurchase Mandate to repurchase up to [REDACTED] Shares during the period in which the Repurchase Mandate remains in force.

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(e) General

None of our Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their respective close associates, have any present intention, if the Repurchase Mandate is approved by the Shareholders, to sell any Shares to our Company or its subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the memorandum and the Bye-laws and the applicable laws and regulations of Bermuda.

If as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (as defined in the Takeovers Code), depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any other consequences which would arise under the Takeovers Code as a consequence of any repurchases of Shares pursuant to the Repurchase Mandate.

Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of the Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding public shareholding. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent that in the circumstances, there is insufficient public float as prescribed under the Listing Rules.

No core connected person of our Company has notified our Company that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this [REDACTED] and are or may be material:

- (a) sale and purchase agreement dated 16 March 2016 entered into between Sparkle Hope and WOE in respect of the acquisition by Sparkle Hope of the entire issued share capital of, and shareholders' loans owed by, East Run and More Action at a consideration of HK\$2,047,989,378.
- (b) deed of assignment of loan dated 16 March 2016 entered into between WOE, Earnest Spot and Sparkle Hope under which WOE assigned the full benefits and advantages of, and all rights, interests, benefits, entitlements and title in the sum owed by Sparkle Hope to WOE in the amount of HK\$2,047,989,378 to Earnest Spot absolutely, in consideration of which Earnest Spot issued to WOE one share, credited as fully paid, in its issued share capital;

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- (c) deed of assignment of loan dated 16 March 2016 entered into between Earnest Spot, our Company and Sparkle Hope under which Earnest Spot assigned the full benefits and advantages of, and all rights, interests, benefits, entitlements and title in the sum owed by Sparkle Hope to Earnest Spot in the amount of HK\$2,047,989,378 to the Company absolutely, for a consideration of HK\$1.00;
- (d) the Deed of Non-Competition;
- (e) the [REDACTED] Agreement;
- (f) a sale and purchase agreement dated 1 December 2015 entered into between East Run, as the vendor, the Parentco, as the guarantor, and Super Eagle Limited, an Independent Third Party, as the purchaser, in relation to the disposal of Level Success which holds properties known as "Riviera Gardens" located at Tsuen Wan, New Territories together with the right to use and occupy a commercial building known as "Riviera Plaza" of Riviera Gardens and all those car parking spaces of Riviera Plaza of Riviera Gardens for a total consideration of HK\$823.0 million (subject to adjustment as stipulated in the agreement);
- (g) a conditional sale and purchase agreement dated 13 November 2015 entered into between East Run, as the vendor, and Guidepost Investments Limited, as the purchaser, a wholly-owned subsidiary of Wai Yuen Tong Medicine Holdings Limited which was held by the Parentco Group as to approximately 22.08% as at the Latest Practicable Date, in relation to the disposal of Sunbo and Good Excellent, which hold properties located at 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 and all that Shop on Ground Floor, with the Cockloft, 60A Yen Chow Street, Kowloon, respectively, for an aggregate consideration of HK\$70.0 million (subject to adjustment as stipulated in the agreement);
- (h) a provisional sale and purchase agreement dated 12 August 2015 entered into between East Run, as the vendor, the Parentco, as the guarantor, and Dragon Jet Limited, an Independent Third Party, as the purchaser, in relation to the disposal of Easy Kingdom which holds a property located at Shop Nos. 4 & 5 on Ground Floor, Mongkok Building, Nos. 93, 95 & 99 Mongkok Road, Nos. 135A & 135B Sai Yee Street, Kowloon, Hong Kong for a total consideration of HK\$158.0 million (subject to adjustment as stipulated in the agreement); and
- (i) a preliminary sale and purchase agreement dated 7 November 2014 entered into between Oriental Sino, as the purchaser, and King Prosper Trading Limited, an Independent Third Party, as the vendor, in relation to the acquisition of a property located at 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 for a total consideration of HK\$210.0 million.

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2. Intellectual Property Rights

As at the Latest Practicable Date, Wang On Corporate has applied for the registration of the following intellectual property rights which are material to our Group’s business.

(a) Trademarks

Applications for trademark registration

	Trademark	Applicant	Class as applied for	Application Number	Place of Trade Mark Application
1.		Wang On Corporate	19, 35, 36 and 37 <i>(Note)</i>	303620295	Hong Kong
2.		Wang On Corporate	19, 35, 36 and 37	303620286	Hong Kong

Note: The Trade Marks Registry of Hong Kong (the “Registry”) refused Wang On Corporate’s application to register the “the ” mark in Class 36 due to existing 3 trade mark applications/registrations. The deadline to respond to the Registry’s refusal falls on 18 August 2016 and Wang On Corporate is currently considering whether to abandon its application to register this mark in Class 36 and to continue the application in Classes 19, 35 and 37.

(b) Domain Names

As at the Latest Practicable Date, our Group had registered the following domain names which are material to our business:

	Domain Name	Registrant	Date of Registration	Expiry Date
1.	woproperties.com	Wang On Corporate	13 November 2015	13 November 2016
2.	ladder.com.hk	Wang On Corporate	1 December 2015	1 December 2016

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C. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Particulars of Service Contracts and Letters of Appointment

(a) Executive Directors

Each of our executive Directors has entered into a service contract with our Company for an initial term of three years with effect from the date of [REDACTED] and thereafter be continuous unless and until terminated by not less than six months' advance notice in writing served by either party on the other subject to the provision of retirement and rotation of Directors under the Bye-laws. Each of our executive Directors is entitled to their respective basic salaries set out below.

The current basic annual salaries of our executive Directors payable under their service contracts are as follows:

Name	Annual Salary (HK\$)
Wong Yiu Hung Gary	3,198,000
Tang Ho Hong	1,200,000

(b) Non-executive Director

Our non-executive Director has entered into a letter of appointment with our Company for an initial term of three years with effect from the date of [REDACTED] and thereafter be continuous unless and until terminated by not less than three months' advance notice in writing served by either party on the other subject to the provision of retirement and rotation of Directors under the Bye-laws. Our non-executive Director is entitled to an annual director's fee as follows:

Name	Annual Director's Fee (HK\$)
Chan Chun Hong	240,000

Save for the above director's fee, our non-executive Director is not expected to receive any other remuneration for holding his office as the non-executive Director.

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(c) Independent non-executive Directors

Each of our independent non-executive Directors has entered into a letter of appointment with our Company for a period of three years, in each case commencing from the date of appointment subject to the provision of retirement and rotation of Directors under the Bye-laws. Such appointment may be terminated by not less than one month's advance notice in writing served by either party on the other. Each of our independent non-executive Directors is entitled to an annual director's fee as follows:

Name	Annual Director's Fee (HK\$)
Li Wing Sum Steven	140,000
Sung Tze Wah	140,000
Leung Tony Ka Tung	140,000

Save for the above director's fee, none of our independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

Save as disclosed above, none of our Directors has or is proposed to have a service contract with any member of the Group, other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

2. Directors' Remuneration

- (a) The aggregate sums of approximately HK\$10.2 million, HK\$9.4 million, HK\$17.2 million and HK\$5.9 million were paid to our Directors as remuneration for each of the three financial years ended 31 March 2015 and the six months ended 30 September 2015 (being such part of the remuneration paid by the WOG to our Directors which was allocated to our Group as expenses by reference to their involvement in the operations of our Group). Further information in respect of our Directors' and chief executive's emoluments and employees' remuneration is set out in the "Accountants' Report" in Appendix I to this [REDACTED].
- (b) Under the arrangements currently in force, it is estimated that an aggregate of approximately HK\$8.1 million is payable by our Group to our Directors as remuneration (including benefits in kind but excluding any discretionary bonus which may be paid to any executive Director) for the financial year ending 31 March 2016.
- (c) None of our Directors or past directors of any member of our Group has been paid any sum of money for each of the three financial years ended 31 December 2015 and the six months ended 30 September 2015 for (a) loss of office as director of any member of our Group or any other office in connection with the management affairs of any member of our Group or (b) as an inducement to join or upon joining any member of our Group.

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- (d) There has been no arrangement under which a Director has waived or agreed to waive any emoluments in each of the three financial years ended 31 December 2015 and the six months ended 30 September 2015.
- (e) None of our Directors has been or is interested in the promotion of, or in the property proposed to be acquired by, our Company, and no sum has been paid or agreed to be paid to any of them in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him in connection with the promotion or formation of our Company as an inducement to join or upon joining any member of our Group.

For further information on the remuneration of the Directors, please refer to Note 9 of the Accountants' Report, the text of which is set out in Appendix I to this [REDACTED].

3. Interest and Short Positions of Directors and Chief Executive of our Company in the Shares, Underlying Shares or Debentures of our Company and our Associated Corporations

Immediately following completion of the Capitalisation Issue and the [REDACTED] (without taking into account of: (i) any Shares which may be allotted and issued pursuant to the exercise of the [REDACTED]; (ii) any change to the capital structure of WOG between the Latest Practicable Date and the Record Date; and (iii) any Shares which may be taken up pursuant to the [REDACTED]), none of our Directors and the chief executive of our Company has any interest and/or short position in our Shares or underlying Shares or debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO); (b) which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

Directors' positions in substantial shareholders

As at the Latest Practicable Date, each of WOG, WOE and Earnest Spot was a substantial shareholder disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO. Mr. Chan Chun Hong, a non-executive Director, is a director of WOG, WOE and Earnest Spot.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors were directors or employees of a company which had an interest or short position in the Shares and underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Division 2 and 3 of Part XV of the SFO.

4. Interest and Short Positions of Substantial Shareholders in the Shares, Underlying Shares or Debentures of our Company and our Associated Corporations

Save as disclosed in the section headed "Substantial Shareholders" in this [REDACTED], our Directors or chief executive are not aware of any other person, not being a Director or chief executive of our Company, who has any interest or short position in the Shares and underlying Shares of our

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Company which, once the Shares are listed, would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly interested in 10.0% or more of the issued voting shares of our Company or any other member of our Group.

5. Disclaimers

Save as disclosed in this Appendix:

- (a) none of our Directors nor experts referred to in the paragraph headed "D. Other Information — 9. Qualifications and Consents of Experts" in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have, within the two years immediately preceding the date of this [REDACTED], been acquired or disposed of by, or leased to, any member of our Group, or are proposed to be acquired or disposed of by, or leased to, any member of our Group;
- (b) none of our Directors nor experts referred to in the paragraph headed "D. Other Information — 9. Qualifications and Consents of Experts" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this [REDACTED] which is significant in relation to the business of our Group taken as a whole;
- (c) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (d) none of our Directors nor experts referred to in the paragraph headed "D. Other Information — 9. Qualifications and Consents of Experts" in this Appendix has received any agency fee, commissions, discounts, brokerages or other special terms from our Group within the two years immediately preceding the date of this [REDACTED] in connection with the issue or sale of any capital of any member of our Group;
- (e) save as disclosed in the section headed "Relationship with Controlling Shareholders" in this [REDACTED], none of the Directors requiring disclosure under Rule 8.10(2) of the Listing Rules are interested in any business apart from the Group's business which compete or is likely to compete, directly or indirectly, with the business of the Group; and
- (f) none of the Directors or their close associates or any Shareholders who are expected to be interested in 5% or more of the issued share capital of the Company has any interest in the five largest customers or the five largest suppliers of the Group.

D. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty would be likely to fall upon any member of the Group.

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2. Litigation

Save as disclosed in the sub-section headed “Business — Litigation, Claims and Arbitration” in this [REDACTED], as at the Latest Practicable Date, no member of our Group is engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against any member of our Group, that would have a material adverse effect on the results of operations or financial position of our Group as a whole.

3. Joint Sponsors

CLC international, one of the Joint Sponsors, satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

KCF, one of the Joint Sponsors, does not consider itself to be independent from the Group according to Rule 3A.07 of the Listing Rules. KCF and its affiliates had business relationships with the Parentco Group and its associates during the Track Record Period which might reasonably give rise to a perception that KCF’s independence would be affected for the purpose of Rule 3A.07 of the Listing Rules.

The Joint Sponsors will receive an aggregate fee of [REDACTED] for acting as the sponsors for the [REDACTED].

4. Registration Procedures

The register of members of our Company will be maintained in Bermuda by [REDACTED] and a branch register of members of our Company will be maintained in Hong Kong by our Hong Kong Branch Share Registrar. Save where our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, our Hong Kong Branch Share Registrar and may not be lodged in Bermuda.

5. Taxation of Holders of Shares

(a) Bermuda

Under the present Bermuda law, there is no stamp duty payable in Bermuda on transfers of Shares.

(b) Hong Kong

Dealings in Shares registered on our Company’s Hong Kong branch register of members will be subject to Hong Kong stamp duty. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(c) Generally

Potential holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of applying for, purchasing, holding or disposing of, or dealing in, Shares. It is emphasised that none of our Company, our Directors, the Joint Sponsors,

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the [REDACTED] and all of their respective directors, agents or advisers nor any other parties involved in the [REDACTED] accepts responsibility for any tax effect on, or liabilities of, persons resulting from the subscription for, holding, purchase or disposal of or dealing in the Shares.

6. Agency Fees and Commissions Received

The [REDACTED] will receive an [REDACTED] commission as referred to in the sub-section headed “[REDACTED] — [REDACTED] Arrangements and Expenses — (d) [REDACTED] Commission and [REDACTED] Expenses” in this [REDACTED].

7. Preliminary Expenses

The preliminary expenses of our Company are estimated to be approximately HK\$30,000 and have been paid by our Company.

8. Promoter

Our Company has no promoter for the purpose of the Listing Rules.

9. Qualifications and Consents of Experts

The following are the qualifications of the experts which have given opinions or advice which are contained in, or referred to in, this [REDACTED]:

Expert	Qualification
Asset Appraisal Limited	Independent property valuer
CLC International Limited	Licensed corporation holding a licence under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities (as defined in the SFO)
Kingston Corporate Finance Limited	Licensed corporation holding a licence under the SFO to conduct type 6 (advising on corporate finance) of the regulated activity (as defined in the SFO)
Conyers Dill & Pearman	Bermuda barristers and attorneys
DLA Piper Hong Kong	Hong Kong legal advisers as to certain litigation proceedings against our Group in Hong Kong
DTZ Debenham Tie Leung Limited	Independent professional market research firm
Ernst & Young	Certified public accountants
Gallant Y.T. Ho & Co.	Hong Kong legal advisers as to the applications for registration of two trade marks in Hong Kong filed in the name of Wang On Corporate
Ng Kin Siu	authorised person

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Each of the experts referred to above has given and has not withdrawn his/its written consent to the issue of this [REDACTED] with inclusion of its report and/or letter and/or opinion and/or references to his/its name in the form and context in which they are respectively included.

10. Personal Guarantees

The Directors have not provided personal guarantees in favour of lenders in connection with banking facilities granted to the Group.

11. Binding Effect

This [REDACTED] shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Reserves Available for Distribution

Our Company was incorporated in Bermuda and is an investment holding company. There were no reserves available for distribution to the Shareholders as of 30 September 2015.

13. Miscellaneous

- (a) Save as disclosed in this Appendix and the section headed "History, Development and Reorganisation" in this [REDACTED], within the two years immediately preceding the date of this [REDACTED]:
- (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no founders or management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;
 - (iv) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
 - (v) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries.
- (b) Our Directors confirm that:
- (i) save as disclosed in the sub-sections headed "Summary — Recent Developments and Material Adverse Change", "Financial Information — Recent Developments Subsequent to the Track Record Period" and "Financial Information — Material

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Adverse Change” in this [REDACTED], there has been no material adverse change in the financial or trading position or prospects of our Group since 30 September 2015 (being the date to which the latest audited combined financial statements of our Group were prepared); and

- (ii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial condition of our Group in the 12 months preceding the date of this [REDACTED].
- (c) All necessary arrangements have been made to enable our Shares to be admitted into CCASS for clearing and settlement.
- (d) No company within our Group is presently listed on any stock exchange or traded on any trading system.
- (e) We have no outstanding convertible debt securities.
- (f) There is no arrangement under which future dividends are waived or agreed to be waived.
- (g) None of the experts referred to in the paragraph headed “D. Other Information — 9. Qualifications and Consents of Experts” in this Appendix:
 - (i) is interested legally or beneficially in any securities of any member of our Group; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

14. Bilingual [REDACTED]

The English language and Chinese language versions of this [REDACTED] are being published separately, in reliance upon the exemption provided in Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

**APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
IN HONG KONG AND AVAILABLE FOR INSPECTION**

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this [REDACTED] delivered to the Registrar of Companies in Hong Kong for registration were:

- (i) copies of the [REDACTED];
- (ii) the written consents referred to in the paragraph headed "D. Other Information — 9. Qualifications and Consents of Experts" in Appendix V to this [REDACTED]; and
- (iii) copies of the material contracts referred to in the paragraph headed "B. Further Information about the Business — 1. Summary of Material Contracts" in Appendix V to this [REDACTED].

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Reed Smith Richards Butler at 20th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this [REDACTED]:

- (i) the Memorandum of Association and the Bye-laws;
- (ii) the audited combined financial statements of the companies comprising our Group for the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015;
- (iii) the accountants' report dated [●] of our Group for the years ended 31 March 2013, 2014 and 2015 and the six months period ended 30 September 2015 prepared by Ernst & Young, the text of which is set out in Appendix I to this [REDACTED];
- (iv) the assurance report dated [●] on the compilation of the pro forma financial information of our Group prepared by Ernst & Young, the text of which is set out in Section B of Appendix II to this [REDACTED];
- (v) the letter, summary of valuation and valuation certificates relating to the property interests held by the Group prepared by Asset Appraisal Limited, the text of which is set out in Appendix III to this [REDACTED];
- (vi) the letter of advice prepared by Conyers Dill & Pearman, the legal adviser to our Company as to Bermuda law, summarising certain aspects of Bermuda company law referred to in Appendix IV to this [REDACTED];
- (vii) the Companies Act;
- (viii) the material contracts referred to in the paragraph headed "B. Further Information about the Business — 1. Summary of Material Contracts" in Appendix V to this [REDACTED];

**APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
IN HONG KONG AND AVAILABLE FOR INSPECTION**

- (ix) the service contracts with the executive Directors and the appointment letters with the non-executive Director and the independent non-executive Directors referred to in the paragraph headed “C. Further Information about Directors and Substantial Shareholders — 1. Particulars of Service Contracts and Letters of Appointment” in Appendix V to this [REDACTED];
- (x) the written consents referred to in the paragraph headed “D. Other Information — 9. Qualifications and Consents of Experts” in Appendix V to this [REDACTED];
- (xi) the independent market research report in respect of the Hong Kong property market dated [●], commissioned by our Company and prepared by DTZ;
- (xii) written confirmation issued by Gallant Y.T. Ho & Co. in respect of applications and searches for trade marks “LADDER” and “the met” both in Classes 19, 35, 36 and 37 in the name of Wang On Corporate in Hong Kong;
- (xiii) written confirmation issued by DLA Piper Hong Kong in respect of certain litigation proceedings against the Group in Hong Kong; and
- (xiv) written confirmation issued by Mr. Ng Kin Siu in respect of certain property matters of the Group in Hong Kong.