# RYKADAN CAPITAL LIMITED
# 宏基資本有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 2288)**

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2015

### FINANCIAL HIGHLIGHTS

| | For the year ended 31 March | |
|---|---|---|
| | **2015** | 2014 |
| | ***(Audited)*** | *(Audited)* *(Re-presented)* |
| **RESULTS** | | |
| Profit for the year from continuing operations (HK$'000) | **101,797** | 702,882 |
| Profit for the year from discontinued operations (HK$'000) | **9,848** | 49,384 |
| Profit for the year – continuing and discontinued operations (HK$'000) | **111,645** | 752,266 |
| **FINANCIAL INFORMATION PER SHARE** | | |
| Earnings per share – Basic (HK cents) | | |
| – Continuing operations | **21.3** | 84.3 |
| – Discontinued operations | **2.4** | 4.1 |
| | **23.7** | 88.4 |
| | **As at 31.3.2015** | As at 31.3.2014 |
| Net assets per share (HK$) (Net assets/number of issued ordinary shares of the Company) | **2.62** | 3.00 |

**BANK BALANCES AND CASH**

As at 31 March 2015, the Group had bank deposits and cash of approximately HK$280 million (2014: HK$958 million).

**FINAL DIVIDEND**

The Board has proposed the payment of a final dividend of HK5 cents per share.

The board of directors (the "Board") of Rykadan Capital Limited 宏基資本有限公司 (the "Company") hereby announces the consolidated annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2015 together with the comparative figures for the year ended 31 March 2014 as follows:

**CONSOLIDATED INCOME STATEMENT**

*For the Year ended 31 March 2015*

| | Note | **2015** | 2014 |
|---|---|---|---|
| | | ***$'000*** | *$'000* |
| | | | *(Re-presented)* |
| **Continuing operations** | | | |
| Revenue | *3* | **321,723** | 2,116,234 |
| Cost of sales and services | | **(233,986)** | (1,110,269) |
| **Gross profit** | | **87,737** | 1,005,965 |
| Other revenue | *4(a)* | **6,422** | 1,904 |
| Other net income/(loss) | *4(b)* | **7,788** | (1,323) |
| Selling and marketing expenses | | **(10,679)** | (35,074) |
| Administrative and other operating expenses | | **(142,163)** | (148,220) |
| Gain on disposal of interests in subsidiaries | *15(c)&(d)* | **29,160** | – |
| Gain on disposal of interest in an associate | *16* | **64,091** | – |
| **Profit from operations** | | **42,356** | 823,252 |
| Increase in fair value of investment properties | *10* | **61,810** | 55,373 |
| | | **104,166** | 878,625 |
| Finance costs | *5(a)* | **(7,725)** | (7,118) |
| Share of profits of associates | | **22,396** | 21,491 |
| Share of loss of a joint venture | | **(226)** | (1,377) |
| **Profit before taxation** | | **118,611** | 891,621 |
| Income tax | *6* | **(16,814)** | (188,739) |
| **Profit for the year from continuing operations** | | **101,797** | 702,882 |
| **Discontinued operations** | | | |
| Profit for the year from discontinued operations | *7* | **9,848** | 49,384 |
| **Profit for the year** | *5* | **111,645** | 752,266 |

## CONSOLIDATED INCOME STATEMENT (CONTINUED)

*For the Year ended 31 March 2015*

| | Note | **2015** | 2014 |
|---|---|---|---|
| | | ***$'000*** | *$'000* |
| | | | *(Re-presented)* |
| **Attributable to:** | | | |
| Equity shareholders of the Company | | | |
| – from continuing operations | | **101,908** | 402,373 |
| – from discontinued operations | | **11,506** | 19,501 |
| | | **113,414** | 421,874 |
| Non-controlling interests | | | |
| – from continuing operations | | **(111)** | 300,509 |
| – from discontinued operations | | **(1,658)** | 29,883 |
| | | **(1,769)** | 330,392 |
| **Profit for the year** | | **111,645** | 752,266 |
| **Earnings per share** | *8* | | |
| Basic: | | | |
| – Continuing operations | | **21.3 cents** | 84.3 cents |
| – Discontinued operations | | **2.4 cents** | 4.1 cents |
| | | **23.7 cents** | 88.4 cents |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the Year ended 31 March 2015*

| | | 2015 | 2014 |
|---|---|---|---|
| | | ***$'000*** | *$'000* |
| **Profit for the year** | | **111,645** | 752,266 |
| **Other comprehensive income for the year (after tax and reclassification adjustments):** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| – Exchange differences arising on translation of foreign operations | | **2,993** | 606 |
| – Share of translation reserve of associates | | **(281)** | 744 |
| – Release of investment revaluation reserve upon disposal of subsidiaries | *15(b)* | **(7,128)** | – |
| – Release of translation reserve upon disposal of subsidiaries | *15(b)&(c)* | **(75)** | – |
| – Release of translation reserve upon disposal of an associate | *16* | **(608)** | – |
| – Net change in fair value of available-for-sale investments | | **–** | 19,415 |
| – Reclassification to profit or loss upon disposal of available-for-sale investments | | **–** | (8,914) |
| – Release of reserve upon deemed disposal of available-for-sale investments | | **–** | (4,440) |
| **Other comprehensive income for the year** | | **(5,099)** | 7,411 |
| **Total comprehensive income for the year** | | **106,546** | 759,677 |
| **Comprehensive income for the year attributable to:** | | | |
| Equity shareholders of the Company | | **108,222** | 414,520 |
| Non-controlling interests | | **(1,676)** | 345,157 |
| **Total comprehensive income for the year** | | **106,546** | 759,677 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31 March 2015*

| | Note | 2015<br>$'000 | 2014<br>$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Investment properties | *10* | **456,518** | 355,567 |
| Fixed assets | | **55,926** | 52,434 |
| Interests in associates | | **26,528** | 98,688 |
| Interest in a joint venture | | **13,417** | 13,584 |
| Available-for-sale investments | *11* | **–** | 187,068 |
| Goodwill | | **–** | 27,934 |
| Other receivables and deposits | | **132,036** | 9,725 |
| | | **684,425** | 745,000 |
| **Current assets** | | | |
| Properties for sale | | **470,635** | 275,481 |
| Inventories | | **55,147** | 91,181 |
| Trade receivables | *12* | **110,979** | 105,508 |
| Other receivables, deposits and prepayments | | **64,217** | 26,937 |
| Amount due from a joint venture | | **1,924** | 2,034 |
| Restricted cash and pledged deposits | | **–** | 851 |
| Bank deposits and cash | | **279,544** | 957,847 |
| | | **982,446** | 1,459,839 |
| **Current liabilities** | | | |
| Trade and other payables | *13* | **44,570** | 113,248 |
| Bank loans | *14* | **127,235** | 161,296 |
| Loans from non-controlling shareholders | | **52,256** | 72,097 |
| Amounts due to associates | | **17,729** | 38,808 |
| Dividend payable | *9* | **–** | 23,872 |
| Taxation payable | | **5,720** | 181,913 |
| | | **247,510** | 591,234 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

*At 31 March 2015*

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | *$'000* | *$'000* |
| **Net current assets** | | **734,936** | 868,605 |
| **Total assets less current liabilities** | | **1,419,361** | 1,613,605 |
| **Non-current liabilities** | | | |
| Bank loans | *14* | **151,319** | 161,974 |
| Deferred tax liabilities | | **15,833** | 20,089 |
| | | **167,152** | 182,063 |
| **NET ASSETS** | | **1,252,209** | 1,431,542 |
| **CAPITAL AND RESERVES** | | | |
| Share capital | | **4,774** | 4,774 |
| Reserves | | **1,193,668** | 1,233,113 |
| **Total equity attributable to equity shareholders of the Company** | | **1,198,442** | 1,237,887 |
| Non-controlling interests | | **53,767** | 193,655 |
| **TOTAL EQUITY** | | **1,252,209** | 1,431,542 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 21 August 2009. The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Rooms 2701 & 2801, Rykadan Capital Tower, 135 Hoi Bun Road, Kwun Tong, Kowloon respectively.

The Company acts as an investment holding company and provides corporate management services. The principal activities of its principal subsidiaries are set out in the annual report.

These consolidated financial statements of the Group are presented in Hong Kong dollars ("HKD"), which is also the functional currency of the Company.

## 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The principal accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2014 except for the changes stated as below.

### CHANGE IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*
Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*
Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*
Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*

Impacts of the adoption of the new or amended HKFRSs are discussed below:

**Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities***

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on these financial statements as the Company does not qualify to be an investment entity.

**Amendments to HKAS 32, *Offsetting financial assets and financial liabilities***

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have any impact on these financial statements as they are consistent with the policies already adopted by the Group.

**Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets***

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash-generating unit whose recoverable amount is based on fair value less costs of disposal. The adoption of these amendments does not have an impact to the financial statements of the Group as the Group does not have any impaired non-financial assets.

**Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting***

The amendments to HKAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on these financial statements as the Group has not novated any of its derivatives.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 3. REVENUE AND SEGMENT INFORMATION

### (a) Revenue

Revenue represents income from sales of properties, rental income and hospitality service fees, revenue from distribution of construction and interior decorative materials and educational products supplied to customers.

An analysis of the Group's revenue from continuing operations for the year is as follows:

| | **2015** | 2014 |
|---|---|---|
| | ***$'000*** | *$'000* |
| | | *(Re-presented)* |
| Sales of properties | **–** | 1,940,378 |
| Rental income | **4,299** | 1,532 |
| Hospitality service fee | **291** | 992 |
| Distribution of construction and interior decorative materials | **316,960** | 172,340 |
| Sales of educational products | **173** | 992 |
| | **321,723** | 2,116,234 |

**(b) Segment reporting**

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified four reportable segments. No operating segments have been aggregated to form the following reportable segments.

During the year, the Group disposed of its asset, investment and fund management segment which is presented as discontinued operations. Details are set out in notes 7 and 15(b).

*Continuing operations*

– Property development – This segment derives its revenue from repositioning and value enhancement of property with a focus on development projects in prime locations in Hong Kong, the United Kingdom and the United States of America.

– Property investment and hospitality operations – This segment derives its revenue from leasing of premises within the Group's investment properties portfolio in Hong Kong and the People's Republic of China (the "PRC"), and hospitality operations in Asia.

– Distribution of construction and interior decorative materials and educational products – This segment derives its revenue from distribution of (i) stone composite surfaces products in the PRC and a license to use the relevant trademark in connection therewith and (ii) educational products in Hong Kong and the PRC.

*Discontinued operations*

– Asset, investment and fund management – This segment derives its revenue from investing in and managing a portfolio of real estate in the Greater China region.

Segment profit/(loss) represents profit earned by/(loss from) each segment, excluding income and expenses of the corporate function, such as other revenue and other net income, certain administrative and other operating expenses, gain on disposal of interests in subsidiaries and an associate, provision for impairment loss on other receivables, finance costs, share of profits of associates and share of loss of a joint venture.

All assets are allocated to operating segments other than certain fixed assets, interests in associates, interest in a joint venture, certain other receivables, deposits and prepayments, amount due from a joint venture and bank deposits and cash.

All liabilities are allocated to operating segments other than certain other payables, certain loans from non-controlling shareholders, dividend payable and deferred tax liabilities.

Information regarding the above operating and reportable segments is reported below.

**Segment results**

**For the year ended 31 March 2015**

| | Continuing operations | | | Discontinued operations | | |
|---|---|---|---|---|---|---|
| | Property development | Property investment and hospitality operations | Distribution of construction and interior decorative materials and educational products | Asset, investment and fund management | Elimination | Consolidated |
| | *$'000* | *$'000* | *$'000* | *$'000* | *$'000* | *$'000* |
| Revenue | | | | | | |
| External revenue | 706 | 3,884 | 317,133 | 15,601 | – | 337,324 |
| Inter-segment revenue | 2,310 | 1,239 | – | 1,377 | (4,926) | – |
| Total | 3,016 | 5,123 | 317,133 | 16,978 | (4,926) | 337,324 |
| Segment profit/(loss) | (1,600) | 41,959 | 39,716 | (4,392) | – | 75,683 |
| Corporate expenses | | | | | | (46,482) |
| Corporate income | | | | | | 5,824 |
| Gain on disposal of interests in subsidiaries | | | | | | 43,353 |
| Gain on disposal of interest in an associate | | | | | | 64,091 |
| Provision for impairment loss on other receivables | | | | | | (28,455) |
| Finance costs | | | | | | (7,725) |
| Share of profits of associates | | | | | | 22,396 |
| Share of loss of a joint venture | | | | | | (226) |
| Profit before taxation | | | | | | 128,459 |
| Profit before taxation | | | | | | |
| – Continuing operations | | | | | | 118,611 |
| – Discontinued operations *(note 7)* | | | | | | 9,848 |
| | | | | | | 128,459 |

For the year ended 31 March 2014

| | Continuing operations | | | Discontinued operations | | |
|---|---|---|---|---|---|---|
| | Property development | Property investment and hospitality operations | Distribution of construction and interior decorative materials and educational products | Asset, investment and fund management | Elimination | Consolidated |
| | *$'000* | *$'000* | *$'000* | *$'000* | *$'000* | *$'000* |
| Revenue | | | | | | |
| External revenue | 1,940,378 | 2,524 | 173,332 | 85,163 | – | 2,201,397 |
| Inter-segment revenue | 237,910 | – | – | 6,766 | (244,676) | – |
| Total | 2,178,288 | 2,524 | 173,332 | 91,929 | (244,676) | 2,201,397 |
| Segment profit/(loss) | 922,460 | 44,182 | (22,363)* | 54,434 | – | 998,713 |
| Corporate expenses | | | | | | (67,076) |
| Corporate income | | | | | | 2,351 |
| Finance costs | | | | | | (7,118) |
| Share of profits of associates | | | | | | 21,491 |
| Share of loss of a joint venture | | | | | | (1,377) |
| Profit before taxation | | | | | | 946,984 |
| Profit before taxation | | | | | | |
| – Continuing operations | | | | | | 891,621 |
| – Discontinued operations *(note 7)* | | | | | | 55,363 |
| | | | | | | 946,984 |

* This includes the operating loss of sale and distribution of educational products of $19,153,000.

**Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

| | **2015** | 2014 |
|---|---|---|
| | ***$'000*** | *$'000* |
| **Segment assets** | | |
| *Continuing operations* | | |
| Property development | **505,446** | 327,019 |
| Property investment and hospitality operations | **477,694** | 357,601 |
| Distribution of construction and interior decorative materials and educational products | **181,300** | 205,869 |
| *Discontinued operations* | | |
| Asset, investment and fund management | **–** | 240,294 |
| Total segment assets | **1,164,440** | 1,130,783 |
| Fixed assets | **349** | 318 |
| Interests in associates | **26,528** | 98,688 |
| Interest in a joint venture | **13,417** | 13,584 |
| Other receivables, deposits and prepayments | **180,669** | 1,585 |
| Amount due from a joint venture | **1,924** | 2,034 |
| Bank deposits and cash | **279,544** | 957,847 |
| Total consolidated assets of the Group | **1,666,871** | 2,204,839 |
| **Segment liabilities** | | |
| *Continuing operations* | | |
| Property development | **154,363** | 435,193 |
| Property investment and hospitality operations | **138,939** | 86,727 |
| Distribution of construction and interior decorative materials and educational products | **49,359** | 139,240 |
| *Discontinued operations* | | |
| Asset, investment and fund management | **–** | 15,735 |
| Total segment liabilities | **342,661** | 676,895 |
| Other payables | **3,912** | 2,344 |
| Loans from non-controlling shareholders | **52,256** | 50,097 |
| Dividend payable | **–** | 23,872 |
| Deferred tax liabilities | **15,833** | 20,089 |
| Total consolidated liabilities of the Group | **414,662** | 773,297 |

**Other segment information**

**For the year ended 31 March 2015**

| | Continuing operations | | | Discontinued operations | | | |
|---|---|---|---|---|---|---|---|
| | **Property development** | **Property investment and hospitality operations** | **Distribution of construction and interior decorative materials and educational products** | **Asset, investment and fund management** | **Segment Total** | **Unallocated** | **Consolidated** |
| | ***$'000*** | ***$'000*** | ***$'000*** | ***$'000*** | ***$'000*** | ***$'000*** | ***$'000*** |
| **Amounts included in the measure of segment results or segment assets:** | | | | | | | |
| Additions of fixed assets (including investment properties) | **7,011** | **93,407** | **1,072** | **56** | **101,546** | **190** | **101,736** |
| Depreciation of fixed assets | **1,890** | **1,259** | **979** | **94** | **4,222** | **142** | **4,364** |
| Gain on disposal of fixed assets | **–** | **–** | **–** | **–** | **–** | **4** | **4** |

For the year ended 31 March 2014

| | Continuing operations | | | Discontinued operations | | | |
|---|---|---|---|---|---|---|---|
| | Property development | Property investment and hospitality operations | Distribution of construction and interior decorative materials and educational products | Asset, investment and fund management | Segment Total | Unallocated | Consolidated |
| | *$'000* | *$'000* | *$'000* | *$'000* | *$'000* | *$'000* | *$'000* |
| Amounts included in the measure of segment results or segment assets: | | | | | | | |
| Additions of fixed assets (including investment properties) | 47,485 | 300,330 | 1,360 | 137 | 349,312 | 90 | 349,402 |
| Depreciation of fixed assets | – | 20 | 892 | 240 | 1,152 | 254 | 1,406 |
| Gain/(loss) on disposal of fixed assets | – | – | (5) | 85 | 80 | – | 80 |

**Geographical information**

The management has categorised turnover from continuing operations by location of customers as follows:

| | 2015 | 2014 |
|---|---|---|
| | ***$'000*** | *$'000* |
| | | *(Re-presented)* |
| Hong Kong | **995** | 1,941,370 |
| The PRC | **319,759** | 173,872 |
| Others | **969** | 992 |
| | **321,723** | 2,116,234 |

The Group's information about its non-current assets (excluding financial instruments) by geographical location of the assets or by the location of the related operations are detailed below:

| | 2015 | 2014 |
|---|---|---|
| | ***$'000*** | *$'000* |
| Hong Kong | **144,883** | 146,778 |
| The PRC | **394,014** | 387,775 |
| Others | **13,492** | 13,654 |
| | **552,389** | 548,207 |

**4. OTHER REVENUE AND OTHER NET INCOME/(LOSS)**

| | 2015 | 2014 |
|---|---|---|
| | ***$'000*** | *$'000* |
| | | *(Re-presented)* |
| **Continuing operations** | | |
| ***(a) Other revenue*** | | |
| Interest income | **5,777** | 1,611 |
| Others | **645** | 293 |
| | **6,422** | 1,904 |
| ***(b) Other net income/(loss)*** | | |
| Gain/(loss) on disposal of fixed assets | **4** | (5) |
| Net foreign exchange gain/(loss) | **7,784** | (1,318) |
| | **7,788** | (1,323) |

| | **2015** | 2014 |
|---|---|---|
| | ***$'000*** | *$'000* |
| | | *(Re-presented)* |
| **Discontinued operations (note 7)** | | |
| ***(a) Other revenue*** | | |
| Interest income | **47** | 740 |
| Others | **580** | 282 |
| | **627** | 1,022 |
| ***(b) Other net income*** | | |
| Gain on disposal of available-for-sale investments (Note) | **–** | 11,885 |
| Gain on disposal of fixed assets | **–** | 85 |
| Net foreign exchange gain | **47** | 647 |
| | **47** | 12,617 |

Note: Gain on disposal of available-for-sale investments included a revaluation surplus of $11,885,000 transferred from the investment revaluation reserve for the year ended 31 March 2014.

## 5. PROFIT FOR THE YEAR

Profit for the year is arrived at after charging/(crediting):

| | **2015** | 2014 |
|---|---|---|
| | ***$'000*** | *$'000* |
| **(a) Finance costs** | | |
| *Continuing operations* | | |
| Interest on bank loans | **10,356** | 13,205 |
| Imputed interest on loans from non-controlling shareholders | **–** | 2,041 |
| | **10,356** | 15,246 |
| Less: amounts capitalised (Note) | **(2,631)** | (8,128) |
| | **7,725** | 7,118 |

Note: Interest was capitalised at an average annual rate of 2.7% (2014: 1.6%).

| | 2015 | 2014 |
|---|---|---|
| | ***$'000*** | *$'000* |
| | | *(Re-presented)* |

**(b) Other items**

| | 2015 | 2014 |
|---|---|---|
| *Continuing operations* | | |
| Depreciation of fixed assets | **4,270** | 1,166 |
| Salaries, wages and other benefits | **62,117** | 87,954 |
| Contributions to defined contribution retirement plans | **1,597** | 1,408 |
| Staff costs (including directors' remuneration) | **63,714** | 89,362 |
| Cost of inventories | **233,986** | 128,480 |
| Cost of trading properties for recognised sales | **–** | 979,180 |
| Operating lease payments in respect of leased properties | **7,809** | 7,010 |
| Rental receivable from investment properties less direct outgoings of $962,000 (2014: $547,000) | **(3,337)** | (985) |
| (Reversal of impairment)/impairment loss: | | |
| – Inventories | **–** | 1,862 |
| – Trade receivables (note 12) | **(83)** | 17,249 |
| – Other receivables (note 15(c)) | **28,455** | – |
| Auditors' remuneration | **1,510** | 1,476 |
| Equity settled share-based payment | **8,100** | 6,075 |
| *Discontinued operations* | | |
| Depreciation of fixed assets | **94** | 240 |
| Staff costs: Gross staff costs (including directors' remuneration) | **13,095** | 22,695 |
| Operating lease payments in respect of leased properties | **2,370** | 4,251 |
| Auditors' remuneration | **195** | 511 |

## 6. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

| | **2015** | 2014 |
|---|---|---|
| | ***$'000*** | *$'000* |
| | | *(Re-presented)* |
| **Continuing operations** | | |
| *Current tax* | | |
| Hong Kong Profits Tax | | |
| – Provision for the year | **3,681** | 171,176 |
| – Over-provision in respect of prior year | **(133)** | – |
| | **3,548** | 171,176 |
| PRC Enterprise Income Tax | **11,121** | 3,720 |
| Overseas tax | **119** | – |
| | **14,788** | 174,896 |
| *Deferred tax* | | |
| Origination and reversal of temporary differences | **2,026** | 13,843 |
| | **16,814** | 188,739 |
| **Discontinued operations (note 7)** | | |
| *Current tax* | | |
| PRC Enterprise Income Tax | **–** | 5,979 |

The provision for Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the year ended 31 March 2015.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2014: 25%) for the year.

Overseas tax is calculated at the rates prevailing in the relevant jurisdictions.

## 7. DISCONTINUED OPERATIONS

On 8 August 2014, the Group entered into a sale agreement to partially dispose of its 30% equity interests in Kailong Holdings Limited ("KLR Holdings") that carried out all of the Group's asset, investment and fund management operations (note 15(b)). Details of the disposal transaction were set out in the Company's announcement dated on 8 August 2014.

The Group had decided to dispose of its equity interests in KLR Holdings as it intends to reallocate its capital into opportunities that offer better potential returns such as real estate investment opportunities. The financial results of KLR Holdings were classified and presented as discontinued operations in accordance with HKFRS 5, "*Non-current assets held for sale and discontinued operations*" ("HKFRS 5"). The disposal was completed on 27 September 2014, on which date the Group lost control in KLR Holdings.

The results of and (loss)/profit from the discontinued operations for the period from 1 April 2014 to 27 September 2014 and year ended 31 March 2014 are analysed as follows:

| | *Note* | **1 April 2014 to 27 September 2014** | Year ended 31 March 2014 |
|---|---|---|---|
| | | ***$'000*** | *$'000* |
| Revenue | | **15,601** | 85,163 |
| Cost of sales and services | | **(12,539)** | (22,516) |
| Gross profit | | **3,062** | 62,647 |
| Other revenue | *4(a)* | **627** | 1,022 |
| Other net income | *4(b)* | **47** | 12,617 |
| Administrative and other operating expenses | | **(8,081)** | (20,923) |
| (Loss)/profit before taxation | | **(4,345)** | 55,363 |
| Income tax | *6* | **–** | (5,979) |
| (Loss)/profit for the period/year | | **(4,345)** | 49,384 |
| Gain on disposal of discontinued operations | *15(b)* | **14,193** | – |
| | | **9,848** | 49,384 |

The net cash flows incurred by the discontinued operations are as follows:

| | |
|---|---|
| Net cash used in operating activities | **(27,671)** |
| Net cash generated from investing activities | **30,861** |
| Net cash inflows | **3,190** |

## 8. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company from continuing operations and discontinued operations of $101,908,000 and $11,506,000 respectively (2014: $402,373,000 and $19,501,000 respectively) and the weighted average number of 477,447,000 ordinary shares issued during both years.

### (b) Diluted earnings per share

There are no potential diluted ordinary shares during the years ended 31 March 2015 and 31 March 2014.

## 9. DIVIDEND

(i) Dividend payable to equity shareholders attributable to the year

| | **2015** | 2014 |
|---|---|---|
| | ***$'000*** | *$'000* |
| Interim dividend declared of Nil cents per share (2014: 5 cents per share) | **–** | 23,872 |
| Final dividend declared and paid after the year of 5 cents per share (2014: 32 cents per share) | **23,872** | 152,783 |
| | **23,872** | 176,655 |

The board of directors does not recommend the payment of an interim dividend for the year ended 31 March 2015.

The final dividend has not been recognised as a liability at the end of the reporting period.

(ii) Dividend payable to equity shareholders attributable to the previous financial year

| | **2015** | 2014 |
|---|---|---|
| | ***$'000*** | *$'000* |
| Final dividend in respect of the previous financial year of 32 cents per share (2014: 5 cents per share) | **152,783** | 23,872 |

## 10. INVESTMENT PROPERTIES

| | **2015** | 2014 |
|---|---|---|
| | ***$'000*** | *$'000* |
| **At valuation:** | | |
| At 1 April | **355,567** | – |
| Additions/Additions from acquisition of assets through acquisition of a subsidiary | **228** | 300,238 |
| Transfer | **92,170** | – |
| Revaluation surplus | **8,104** | 55,373 |
| Exchange adjustments | **449** | (44) |
| At 31 March | **456,518** | 355,567 |

All investment properties are held in Hong Kong and the PRC under medium-term leases. At 31 March 2015, investment properties of $455,318,000 (2014: $355,567,000) were pledged to banks.

During the year ended 31 March 2015, completed properties of $92,170,000 were transferred from "properties for sale" to "investment properties" as a result of change of use. The properties were measured at fair value at the time of transfer and revaluation surplus of $53,706,000 has been dealt with in the consolidated income statement.

The investment properties in Hong Kong and the PRC were revalued as at 31 March 2015 respectively by Roma Appraisals Limited and Colliers International (Hong Kong) Limited, independent firms of surveyors who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

## 11. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

| | **2015** | 2014 |
|---|---|---|
| | ***$'000*** | *$'000* |
| Unlisted fund investments in the PRC | **–** | 98,632 |
| Unlisted equity securities in the PRC | **–** | 88,436 |
| | **–** | 187,068 |

The unlisted fund investments represent investment in funds in the PRC. These funds principally invest in real estate properties in the PRC. During the year ended 31 March 2015, these unlisted fund investments and equity securities were disposed of through disposal of a subsidiary (note 15(b)).

## 12. TRADE RECEIVABLES

| | **2015** | 2014 |
|---|---|---|
| | ***\$'000*** | *\$'000* |
| Trade receivables | **110,979** | 105,508 |

At 31 March 2015, the ageing analysis of trade receivables based on invoice date, net of allowance for doubtful debts, are as follows:

| | **2015** | 2014 |
|---|---|---|
| | ***\$'000*** | *\$'000* |
| 1-30 days | **28,426** | 47,785 |
| 31-60 days | **19,527** | 37,116 |
| 61-90 days | **31,616** | 15,219 |
| Over 90 days | **31,410** | 5,388 |
| | **110,979** | 105,508 |

Except for the Group's trade customers, which the Group negotiates on individual basis in accordance with contract terms, i.e. an average credit period of 60 days (2014: 90 days), all invoices are due upon issue.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customers. Recoverability of the existing customers is reviewed by the Group regularly.

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movement in the allowance for doubtful debts during the year is as follows:

| | **2015** | 2014 |
|---|---|---|
| | ***\$'000*** | *\$'000* |
| At 1 April | **17,275** | – |
| (Reversal of impairment)/impairment loss recognised | **(83)** | 17,249 |
| Uncollectible amounts written off | **(1,397)** | – |
| Exchange adjustments | **19** | 26 |
| At 31 March | **15,814** | 17,275 |

At 31 March 2015, the Group's trade receivables of \$15,814,000 (2014: \$17,275,000) were individually determined to be impaired. The individually impaired receivables relate to customers that were in financial difficulties and management assessed that these receivables were not expected to be recovered. During the year ended 31 March 2015, specific allowances for doubtful debts of \$83,000 was reversed (2014: \$17,249,000 was recognised).

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

| | 2015 | 2014 |
|---|---|---|
| | *$'000* | *$'000* |
| Neither past due nor impaired | **62,658** | 93,802 |
| 1-30 days | **13,966** | 648 |
| 31-60 days | **8,890** | 1,869 |
| 61-90 days | **11,590** | 6,328 |
| Over 90 days | **13,875** | 2,861 |
| | **48,321** | 11,706 |
| | **110,979** | 105,508 |

Receivables that were neither past due nor impaired relate to a wide range of customers who have no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

## 13. TRADE AND OTHER PAYABLES

At 31 March 2015, included in trade and other payables are trade payables of $17,388,000 (2014: $78,134,000) and the ageing analysis of trade payables, based on invoice date, is as follows:

| | 2015 | 2014 |
|---|---|---|
| | *$'000* | *$'000* |
| 1-30 days | **14,906** | 76,709 |
| 31-60 days | **281** | – |
| 61-90 days | **1,249** | 223 |
| Over 90 days | **952** | 1,202 |
| | **17,388** | 78,134 |

## 14. BANK LOANS

At 31 March 2015, the bank loans and trust receipt loans were repayable as follows:

| | 2015 | 2014 |
|---|---|---|
| | *$'000* | *$'000* |
| Within 1 year or on demand | **127,235** | 161,296 |
| After 1 year but within 2 years | **110,724** | – |
| After 2 years but within 5 years | **36,738** | 145,892 |
| After 5 years | **3,857** | 16,082 |
| | **278,554** | 323,270 |

At 31 March 2015, the bank loans and trust receipt loans were secured as follows:

| | 2015 | 2014 |
|---|---|---|
| | *$'000* | *$'000* |
| Secured bank loans | **257,031** | 273,272 |
| Unsecured bank loans | | |
| – Bank loans | **–** | 15,000 |
| – Trust receipt loans | **21,523** | 34,998 |
| | **278,554** | 323,270 |

(a) At 31 March 2015, bank loans drawn in Hong Kong bear interest at the rates range from 2.0% to 2.7% (2014: 2.0% to 2.5%) per annum over the Hong Kong Interbank Offer Rate ("HIBOR") or London Interbank Offer Rate and interests are repriced every one to three months.

(b) At 31 March 2015, bank loans drawn in the PRC bear interest at The People's Bank of China Base Interest Rate per annum (2014: The People's Bank of China Base Interest Rate per annum).

(c) At 31 March 2015, the bank loans of approximately $114,989,000 (2014: $149,066,000) that are repayable within one year from the end of the reporting period contains a repayable on demand clause.

(d) At 31 March 2015, the banking facilities of certain subsidiaries of the Group were secured by mortgages over the investment properties, properties for sale and buildings held for own use with an aggregate carrying value of $455,318,000 (2014: $355,567,000), $257,536,000 (2014: $274,928,000) and $46,058,000 (2014: $47,485,000) respectively. Such banking facilities amounted to $436,329,000 (2014: $414,175,000) were utilised to the extent of $257,030,000 at 31 March 2015 (2014: $273,272,000).

(e) Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's statement of financial position ratios. If the Group were to breach the covenants the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants. None of the covenants relating to the drawn down facilities had been breached for the years ended 31 March 2015 and 31 March 2014.

## 15. ACQUISITION OF ADDITIONAL INTERESTS OF A SUBSIDIARY AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of additional interests of a subsidiary

On 11 June 2014, Fast Global Holdings Limited ("Fast Global"), a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with Core Elements Holdings Limited ("Core Elements"), an independent third party, pursuant to which Fast Global agreed to acquire an additional 20% of the equity interests of Centuria Global Limited ("Centuria") and the shareholder's loan owing by Centuria to Core Elements at the consideration of $2,000,000 and $22,000,000 respectively (the "Acquisition"). Upon the completion of the Acquisition, Centuria became a wholly-owned subsidiary of the Group. The Acquisition was completed on 11 June 2014.

(b) Disposal of 30% interests in KLR Holdings

On 8 August 2014, Talent Step Investments Limited ("Talent Step"), an indirect wholly-owned subsidiary of the Company, entered into a sale agreement with Good Grace Investments Limited, Borrison (B.V.I.) Limited, Coralland Limited, Water Ocean Limited and Mr. Roth (the "KLR Purchasers") in relation to the sale and purchase of 300,000 shares of KLR Holdings, representing 30% of the entire issued share capital of KLR Holdings, for a consideration of United States dollars ("USD") 12,431,000 (equivalent to $96,584,000) (the "KLR Disposal").

Upon the completion of the KLR Disposal, the Company's indirect interests in the issued share capital of KLR Holdings decreased from approximately 39.74% to approximately 9.74%. Accordingly, the Company will no longer be able to exercise control over the board of directors of KLR Holdings. The KLR Disposal was completed on 27 September 2014 and KLR Holdings (together with its subsidiaries) was deconsolidated from the Group's consolidated financial statements with effect from 27 September 2014. The remaining 9.74% equity interests of KLR Holdings was accounted for as interest in an associate in the consolidated financial statements under equity method of accounting.

The consideration shall be payable by the KLR Purchasers by way of seven instalments. The first instalment was payable upon the date of completion and the last instalment will be payable within 36 months from the date of completion. Interest on the outstanding amount of the sales consideration is charged at the rate of 2.75% per annum over 3-months HIBOR from the KLR Disposal completion date until the actual date of payment.

Net assets of KLR Holdings as at the date of the KLR Disposal were as follows:

| | At 27 September 2014 *$'000* |
|---|---|
| **Assets:** | |
| Fixed assets | 887 |
| Available-for-sale investments | 156,165 |
| Trade and other receivables | 38,656 |
| Amounts due from fellow subsidiaries | 15,734 |
| Bank deposits and cash | 38,614 |
| Total assets | 250,056 |
| **Liabilities:** | |
| Trade and other payables | (6,647) |
| Deferred tax liabilities | (6,245) |
| Total liabilities | (12,892) |
| Net assets | 237,164 |
| Non-controlling interests | (151,929) |
| **Net assets disposed of** | 85,235 |
| Fair value of consideration | 96,857 |
| Fair value of 9.74% equity interests of deemed acquisition of KLR Holdings | 23,294 |
| Net assets disposed of | (85,235) |
| Goodwill disposed of | (27,934) |
| Release of translation reserve | 83 |
| Release of investment revaluation reserve | 7,128 |
| Gain on disposal of KLR Holdings | 14,193 |

An analysis of net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

| | At 27 September 2014 *$'000* |
|---|---|
| **Net cash outflow on the KLR Disposal** | |
| Consideration received in cash for the year | 36,412 |
| Less: Cash and cash equivalents disposed of | (38,614) |
| Net cash outflow on the KLR Disposal for the year | (2,202) |

(c) Disposal of 51% interests in Wing Lok Innovative Education Organization Corporation ("Wing Lok", together with its subsidiaries, the "WL Group")

On 31 July 2014, Vision Key Limited ("Vision Key"), a wholly-owned subsidiary of the Company entered into an agreement to dispose of all its 51% equity interests in Wing Lok to a non-controlling shareholder of Wing Lok (the "Wing Lok Purchaser") for a consideration of $15,000,000 (the "Wing Lok Disposal"). The transaction was completed on 31 July 2014.

The sales consideration is payable by the Wing Lok Purchaser in six equal instalments commencing from 31 July 2014 and at the end of every three months thereafter. Interest on the outstanding amount of the sales consideration is charged at 5% per annum from 31 July 2014 to the actual date of payment. Upon payment of the total consideration and interests in full by the Wing Lok Purchaser, certain advances to the WL Group by the Company amounting to $28,455,000 are to be waived by the Company.

Net liabilities of the WL Group as at the date of the Wing Lok Disposal were as follows:

| | At 31 July 2014 *$'000* |
|---|---|
| **Assets:** | |
| Fixed assets | 574 |
| Receivables | 1,066 |
| Bank deposits and cash | 1,650 |
| Total assets | 3,290 |
| **Liabilities:** | |
| Trade and other payables | (790) |
| Amount due to ultimate holding company | (28,455) |
| Total liabilities | (29,245) |
| Net liabilities | (25,955) |
| Non-controlling interests | 12,718 |
| **Net liabilities disposed of** | (13,237) |
| Fair value of consideration | 15,399 |
| Net liabilities disposed of | 13,237 |
| Release of translation reserve | (8) |
| Gain on disposal of the WL Group | 28,628 |
| Provision for impairment loss on other receivables – the advances to the WL Group | (28,455) |
| | 173 |

An analysis of net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

| | |
|---|---|
| **Net cash inflow on the Wing Lok Disposal** | |
| Consideration received in cash for the year | 5,384 |
| Less: Cash and cash equivalents disposed of | (1,650) |
| Net cash inflow on the Wing Lok Disposal for the year | 3,734 |

(d) Disposal of 100% interests in Century Winner Inc. ("CWI")

On 28 August 2014, Rykadan Inc., an indirect wholly-owned subsidiary of the Company, and Valour Power Limited, a company owned by Mr. Chan William, the Chairman, Chief Executive Officer and an Executive Director of the Company, entered into an agreement pursuant to which Rykadan Inc. has agreed to dispose of all its 100% equity interests in CWI and shareholder's loan owing by CWI to Rykadan Inc. at a consideration of USD60,000 (equivalent to $466,000) and USD6,118,000 (equivalent to $47,495,000) respectively. The transaction was completed on 28 August 2014.

Net liabilities of CWI as at the date of disposal were as follows:

| | At 28 August 2014 *$'000* |
|---|---:|
| **Assets:** | |
| Properties held for sale | 46,626 |
| Bank deposits and cash | 803 |
| Total assets | 47,429 |
| **Liability:** | |
| Amount due to immediate holding company | (47,495) |
| **Net liabilities disposed of** | (66) |
| Fair value of consideration | 47,961 |
| Repayment of amount due to immediate holding company | (47,495) |
| Net liabilities disposed of | 66 |
| Gain on disposal of CWI | 532 |

An analysis of net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

| | |
|---|---:|
| **Net cash inflow on the disposal** | |
| Consideration received in cash for the year | 47,961 |
| Less: Cash and cash equivalents disposed of | (803) |
| Net cash inflow on the disposal for the year | 47,158 |

## 16. DISPOSAL OF AN ASSOCIATE

Disposal of 15% interests in Sundart Holdings Limited ("Sundart")

In December 2014, the Group disposed of its entire 15% equity interests in Sundart to an independent third party (the "Sundart Purchaser"), at a consideration of $180,000,000 (the "Sundart Disposal"). The Sundart Disposal was completed on 2 December 2014.

The Sundart Disposal is accounted for as a disposal of an associate, and resulted in the Group recognising a gain of approximately $64,091,000 in profit or loss, calculated as follows:

| | At 2 December 2014 *$'000* |
|---|---|
| Fair value of consideration received and receivables | 181,052 |
| Less: Carrying amount of 15% equity interests in Sundart | (117,569) |
| Release of translation reserve | 608 |
| Gain recognised in profit or loss | 64,091 |

The consideration shall be payable by the Sundart Purchaser by way of three instalments. The first instalment was payable upon the date of completion and the last instalment will be payable on or before 30 June 2016. Interest on the outstanding amount of the sales consideration is charged at the rate of 2.5% per annum over 3-months HIBOR from the Sundart Disposal completion date until the actual date of payment.

## 17. COMPARATIVE FIGURES

As a result of the Group disposed of its asset, investment and fund management business and identified it as discontinued operations under HKFRS 5 as described in note 7, certain comparative consolidated results and the related notes have been re-presented so as to reflect the result of the continuing operations and discontinued operations.

## BUSINESS AND FINANCIAL REVIEW

### Overview

The year ended 31 March 2015 saw the Group invest in the United States of America (the "U.S.A.") and the United Kingdom (the "U.K.") property sectors for the first time as it sought to reallocate its capital into opportunities that offer better potential returns for shareholders. After disposing certain investments during the year, property investment will be the key focus area of the Group in the coming years. Similar to the Group's ongoing investments in the Hong Kong and the People's Republic of China (the "PRC") property sectors, the new projects will continue to align with the Group's strategy of securing high-potential investments, growing asset values and exiting within a three-to-five-year horizon.

During the year, the Group's investments included commercial and residential property developments in Hong Kong, the PRC, the U.S.A. and the U.K.. It also invested in companies operating in the areas of hospitality, asset investment and fund management, as well as in the distribution of interior decorative materials.

As at 31 March 2015, the Group's total assets was valued at HK$1,667 million (2014: HK$2,205 million), of which HK$982 million (2014: HK$1,460 million) was current assets, approximately 3.97 times (2014: 2.47 times) of current liabilities. Equity attributable to the owners of the Company was HK$1,198 million (2014: HK$1,238 million).

### Overall Performance

During the year ended 31 March 2015, the Group recorded consolidated revenue of HK$322 million from business segments under continuing operations (2014: HK$2,116 million). Gross profit and gross profit margin for these segments were HK$88 million (2014: HK$1,006 million) and 27.3% (2014: 47.5%) respectively.

Net profit for the year from continuing and discontinued operations was HK$112 million (2014: HK$752 million). Profit attributable to equity shareholders of the Company was HK$113 million (2014: HK$422 million).

The decline was mostly attributable to a one-off gain from the sale of 19 floors of Rykadan Capital Tower, a 25-storey commercial tower in Hong Kong, in the year ended 31 March 2014.

Basic earnings per share from continuing operations for the year ended 31 March 2015 was HK21.3 cents (2014: HK84.3 cents).

The board declared a final dividend per share of HK5 cents (2014: HK32 cents). Combined with the interim dividend per share of HK nil cents (2014: HK5 cents), already declared, total dividends for the year is HK5 cents (2014: HK37 cents).

**Material Acquisitions and Disposals**

In June 2014, the Group acquired the remaining 20% equity interests of Centuria Global Limited ("Centuria Global") and the shareholder's loan owed to Core Elements Holdings Limited, the non-controlling shareholder of Centuria Global, at the consideration of HK$2 million and HK$22 million respectively. Upon the completion of the further acquisition, Centuria Global became a wholly-owned subsidiary of the Group *(For details, please refer to note 15(a) of annual results announcement)*.

In July 2014, the Group sold a 51% stake, the entire equity interests owned by the Group, in Wing Lok Innovative Education Organization Corporation ("Wing Lok") to Mr. So Wing Lok Jonathan, the non-controlling shareholder of Wing Lok for a consideration of HK$15 million *(For details, please refer to note 15(c) of annual results announcement)*.

In August 2014, the Group sold 30% equity interests of Kailong Holdings Limited ("KLR Holdings") to the remaining shareholders of KLR Holdings, Good Grace Investments Limited, Borrison (B.V.I.) Limited, Coralland Limited, Water Ocean Limited and Mr. Roth, for a consideration of USD12 million. Upon completion of the disposal, the Group's indirect interest in the issued share capital of KLR Holdings decreased from approximately 39.74% to approximately 9.74% *(For details, please refer to note 15(b) of annual results announcement)*.

In August 2014, the Group disposed of its 100% equity interests in Century Winner Inc. and the shareholder's loan owed to the Group to Valour Power Limited, a company owned as to 50% by each of Mr. Chan William and his wife, at a consideration of USD60,000 and USD6,118,000 respectively *(For details, please refer to note 15(d) of annual results announcement)*.

In December 2014, the Group disposed of its entire 15% equity interests in Sundart Holdings Limited to Jangho Curtain Wall Limited, the controlling shareholder of Sundart Holdings Limited, at a consideration of $180,000,000 *(For details, please refer to note 16 of annual results announcement)*.

**Investment Portfolio**

As at 31 March 2015, the Group had bank deposits and cash of approximately HK$280 million (2014: HK$958 million), representing 16.8% (2014: 43.4%) of the Group's total assets.

The following table shows the Group's investments as at 31 March 2015.

## Real estate investments

| *Investment* | *Location* | *Type* | *Group interest* | *Status as of 31/3/2015* | *Total gross floor area* | *Total land area* | *Attributable gross floor/land area* |
|---|---|---|---|---|---|---|---|
| Winston Project | 1135 Winston Avenue, San Marino, CA 91108, the U.S.A. | Residential property | 100% | Under planning | N/A | 21,861 square feet | 21,861 square feet |
| Oakland Project | 491 & 497 South Oakland Avenue, Pasadena, CA 91101, the U.S.A. | Residential property | 100% | Under planning | N/A | 25,163 square feet | 25,163 square feet |
| Hampton Project | 957 Hampton Road, Arcadia, CA 91006, the U.S.A. | Residential property | 100% | Under planning | N/A | 30,916 square feet | 30,916 square feet |
| Fallen Leaf Project | 964 Fallen Leaf Road, Arcadia, CA 91006, the U.S.A. | Residential property | 100% | Under planning | N/A | 41,818 square feet | 41,818 square feet |
| Shoreditch Project | 79-81 Paul Street, Shoreditch, London, EC2A 4NQ, the U.K. | Commercial property | 100% | Under refurbishment | 11,041 square feet | N/A | 11,041 square feet |
| Kailong Nanhui Business Park | An industrial complex located at No. 2300 Xuanhuang Road, Huinan County, Pudong New District, Shanghai, the PRC | Commercial property | 59.1% | Refurbishment complete, being marketed to tenants | 52,304 square metres | N/A | 30,911 square metres |
| Kwun Chung Street Property Project | Kowloon Inland Lot No. 11229 | Residential/ commercial property | 100% | Under construction | 25,333 square feet | N/A | 25,333 square feet |
| 2702, and various car parking spaces of Rykadan Capital Tower | 135 Hoi Bun Road, Kwun Tong, Kowloon | Commercial property | 100% | Completed (classified as investment properties) | 8,304 square feet | N/A | 8,304 square feet |
| 2802 and various car parking spaces of Rykadan Capital Tower | 135 Hoi Bun Road, Kwun Tong, Kowloon | Commercial property | 100% | Completed (classified as properties for sale) | 5,163 square feet | N/A | 5,163 square feet |

**Other investments**

| *Investment* | *Business/type* | *Group interest* |
|---|---|---|
| Q-Stone Building Materials Limited | Distribution of stone composite surfaces products | 100% |
| Rykadan Hospitality Investment Pte. Ltd. | Investment in high potential hospitality and tourism related assets | 100% |
| RS Hospitality Private Limited | A joint venture for operating a 24-suite boutique resort in Bhutan | 50% |
| KLR Holdings | Asset, investment and fund management | 9.74% |

**Summary and review of investments**

***United States properties***

The Group has invested in four properties in San Marino, Pasadena and Arcadia in the Los Angeles County, California, the U.S.A.. Each city has high resale potential and is increasingly popular destinations for overseas property investors, particularly from Asia.

These properties are currently in the initial stage of redevelopment, with a view of materializing its investments within 2-3 years.

***United Kingdom property***

The Group has invested in a commercial property located in London's Shoreditch district, the heart of the U.K.'s technology startup cluster.

The property is a freehold office building consisting of four upper floors, ground floor and a lower ground floor with a total gross floor area of 11,041 square feet. It is located in a few minutes' walk from the Old Street roundabout – also known as the 'Silicon Roundabout' – which is the third-largest technology startup cluster in the world after San Francisco and New York City.

### *Kailong Nanhui Business Park*

Kailong Nanhui Business Park is a 52,304 square metre refurbished and high-end business park located in Shanghai under medium term lease and is the Group's first property project in the PRC. The site consists of five high-quality buildings conveniently located near the Shanghai Pudong International Airport, Shanghai Harbor City and the Shanghai Free Trade Zone. The site offers tenants preferential tax and subsidy policies due to its location in the Nanhui Industrial Zone of Shanghai.

As of 31 March 2015, the occupancy rate of Kailong Nanhui Business Park was 10%. The Group will continue to target large and quality tenants, and will consider off-loading the buildings at an appropriate time.

### *Kwun Chung Street Property Project*

The Group is commencing the construction of a 25-storey tower with a total gross floor area of approximately 25,333 square feet on Kwun Chung Street in Kowloon's Jordan district, located near the planned terminus of the Guangzhou-Shenzhen-Hong Kong Express Rail Link.

The building will primarily consist of boutique luxury apartments, with lower floors of approximately 4,538 square feet for commercial use. The Group plans to sell the entire building upon completion of the project, expected in the first quarter of 2017. The Group expects to launch the pre-sale of the project in the second half of 2015.

### *Rykadan Capital Tower*

Located in the heart of Kwun Tong, Hong Kong's emerging second CBD, Rykadan Capital Tower is a 25-storey commercial tower with a gross floor area of 252,820 square feet, overlooking Victoria Harbour and within walking distance of the MTR.

The Group continues to retain two floors for its own use and for potential rental income. In November 2014, the Group has successfully leased out unit 2702 of Rykadan Capital Tower, which has generated rental income since December 2014.

### *Q-Stone Building Materials Limited ("Q-Stone")*

Q-Stone is a wholly-owned subsidiary of the Group and the exclusive distributor of Quarella, a world leader in the production of quartz and marble-based stone composite surfaces products, in the China market. Quarella was established over 40 years ago with factories and research and development centres in Italy. Quarella's products are popularly used for benchtops, bathroom surfaces and floor tiles. It has supplied materials for a number of prominent commercial buildings and shopping malls in the PRC and Hong Kong.

Q-Stone performed well in the year ended 31 March 2015 with contracts on hand worth HK$181 million to be completed in the coming year.

### *Rykadan Hospitality Investments Pte. Ltd. ("Rykadan Hospitality")*

Rykadan Hospitality is the Group's hospitality investment arm. Its key focus is to explore investment opportunities in hospitality and tourism related assets. Rykadan Hospitality currently operates the Dhensa Punakha, a 24-suite resort located in Bhutan's Punakha Valley, an emerging high-end tourism destination.

### *KLR Holdings*

KLR Holdings is a leading player in the PRC's real estate investment, asset management and fund management markets. The Group continues to maintain a strategic alliance with KLR Holdings, in order to support and expand its business in the Greater China region.

### Outlook

The Group believes that its recent property investments in the U.S.A. and the U.K. will further diversify its investment portfolio. Despite the conclusion of the Federal Reserve's quantitative easing program, the Group expects global capital to continue to flow into the U.S.A., as investors seek better returns. As for the U.K., the Group believes that the London property market will continue to perform strongly following the recent highly-conclusive election in the U.K. and continued economic recovery.

The Group will continue to leverage its experienced management team and business partners to evaluate future real estate investment opportunities in order to maximise future returns for shareholders. It will also continue to actively manage its ongoing investments in the Greater China region, South-East Asia, the U.S.A. and the U.K. to support its future performance and unlock value for shareholders in a timely manner.

## CORPORATE FINANCE AND RISK MANAGEMENT

### Liquidity and Financial Resources

The management and control of the Group's financial, capital management and external financing functions are centralised at its headquarter in Hong Kong. The Group adheres to the principle of prudent financial management to minimise financial and operational risks. The Group mainly relies upon internally generated funds and bank borrowings to finance its operations and expansion.

As at 31 March 2015, the Group's total debts (representing total interest-bearing bank borrowings) to total assets ratio was 16.7% (2014: 14.7%). The net gearing ratio (net debts, as defined by total debts less unrestricted bank balances and cash, to equity attributable to equity shareholders of the Company) was Nil (2014: Nil) as the Group has net cash of HK$1 million as at 31 March 2015 (2014: net cash of HK$635 million).

At 31 March 2015, the Group has total bank borrowings of HK$279 million (2014: HK$323 million). The bank borrowings of the Group were mainly to finance the retained two floors of Rykadan Capital Tower, Kwun Chung Street Property Project and Kailong Nanhui Business Park. Of the total bank borrowings, the bank loans of HK$257 million were secured by the properties for sale, investment properties and buildings held for own use of which HK$98 million will be repayable upon sale of properties. Further costs for developing the Kwun Chung Street Property Project, the United States Properties and the United Kingdom Property will be financed by either unutilised banking facilities or internally generated funds.

The liquidity of the Group remains strong and healthy. As at 31 March 2015, the Group's current assets and current liabilities were HK$982 million (2014: HK$1,460 million) and HK$248 million (2014: HK$591 million) respectively. The Group's current ratio increased to 3.97 (2014: 2.47). The internally generated funds, together with unutilised banking facilities enable the Group to meet its business development needs.

The Group will cautiously seek new investment and development opportunities in order to balance risk and opportunities and maximise shareholders' value.

**Exposure to Fluctuations in Exchange Rates and Interest Rates and Corresponding Hedging Arrangements**

The Group operates in various regions with different foreign currencies including Euro, United States Dollars, British Pound Sterling and Renminbi.

The Group's bank borrowings have been made at floating rates.

The Group has not implemented any foreign currencies and interest rates hedging policy. However, management of the Group will monitor foreign currencies and interest rates for each business segment and consider appropriate hedging policy in future when necessary.

**Contingent Liabilities**

At the end of the reporting period, the Company has issued guarantees to banks in respect of banking facilities granted to certain indirect wholly-owned subsidiaries of HK$529,054,000 (2014: HK$557,065,000). The banking facilities were utilised to the extent of HK$239,024,000 as at 31 March 2015 (2014: HK$332,593,000). The directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The Company has not recognised any deferred income in respect of these guarantees and no transaction price was incurred.

**Employees and Remuneration Policies**

As at 31 March 2015, the total number of employees of the Group for continuing operations is 74 while that of the discontinued operations is 47 (31 March 2014: 130 employees in total). The Group offers an attractive remuneration policy and provides external training programmes which are complementary to certain job functions. Total remuneration for employees (including the directors' remuneration) was HK$77 million for the year (2014: HK$112 million). The decrease in total remuneration of the employees was mainly attributable to the Group's distribution of a generous bonus resulting from disposal of all available floors of Rykadan Capital Tower, the Group's first real estate development project for the year ended 31 March 2014.

## SCOPE OF WORK OF KPMG

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by KPMG on the preliminary announcement.

## PROPOSED FINAL DIVIDEND

A final dividend of HK5 cents per share for the year ended 31 March 2015 has been proposed by the Board and is subject to approval by the shareholders in the forthcoming annual general meeting. Upon approval by the shareholders, the proposed final dividend will be paid on 16 September 2015 to the shareholders of the Company whose names appear on the Company's register of members as at 4 September 2015.

## CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The 2015 annual general meeting (the "AGM") of the Company is scheduled to be held on 26 August 2015. For determining the qualification as shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 24 August 2015 to Wednesday, 26 August 2015, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, investors are urged to lodge all transfers of shares accompanied by the relevant share certificates with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 21 August 2015.

## CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 3 September 2015 to Friday, 4 September 2015, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the proposed final dividend, all transfer of shares accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 2 September 2015.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

## CORPORATE GOVERNANCE

During the year, the Company had complied with the code provisions and certain recommended best practices set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules, except the following deviations:

Code provision A.1.1 of the CG Code stipulates that regular board meetings should be held at least four times a year at approximately quarterly intervals. There were nine Board meetings held during the year ended 31 March 2015, two of which were regular meetings held for approving the final results for the year ended 31 March 2014 and the interim results for the period ended 30 September 2014. The Company has not held the other two regular Board meetings as it is not required under the Listing Rules to publish quarterly results.

Mr. Chan has been appointed as Chief Executive Officer of the Company on 1 July 2012 and is now both the Chairman and the Chief Executive Officer of the Company, and that the functions of the Chairman and the Chief Executive Officer in the Company's strategic planning and development process overlap. These constitute a deviation from code provision A.2.1 of the CG Code which stipulates that the roles of the Chairman and the Chief Executive should be separate and should not be performed by the same individual. However, in view of the present composition of the Board, the in-depth knowledge of Mr. Chan of the operations of the Group and of the property development and real estate/asset management business in Hong Kong and the PRC, his extensive business network and the scope of operations of the Group, the Board believes it is in the best interests of the Company for Mr. Chan to assume the roles of Chairman and Chief Executive Officer at this time and that such arrangement be subject to review by the Board from time to time.

Under code provision A.6.7 of the CG Code, the independent non-executive directors should attend general meetings of the Company. One independent non-executive director was absent from the last annual general meeting held on 12 August 2014 due to other business commitments.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions of the directors, senior management and relevant employees (who, because of their office or employment, is likely to possess inside information in relation to the Company or its securities) of the Group (the "Securities Code") with terms no less exacting than that of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Having made specific enquiries, all of the directors and relevant employees of the Group confirmed that they have complied with the Securities Code and the Model Code throughout the year ended 31 March 2015.

## AUDIT COMMITTEE REVIEW

The Audit Committee comprises three independent non-executive directors, namely Mr. Ho Kwok Wah, George (Chairman of the Audit Committee), Mr. To King Yan, Adam and Mr. Wong Hoi Ki, with the chairman possessing the appropriate professional qualifications and accounting expertise. The Company's annual results for the year ended 31 March 2015 have been reviewed by the Audit Committee.

## PUBLICATION OF RESULTS ANNOUNCEMENT

This results announcement is available for viewing on the websites of the Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the Company (http://www.rykadan.com) and the annual report for the year ended 31 March 2015 of the Company containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the above websites in due course.

## APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our shareholders and our management team for their invaluable support throughout this year of transformation. I would also like to thank our staff for their continued commitment to the Group.

We look forward to the coming years with optimism and ask for your continued support as we continue to create value and grow our business.

For and on behalf of the Board
**Rykadan Capital Limited**
宏基資本有限公司
**CHAN William**
*Chairman and Chief Executive Officer*

Hong Kong, 12 June 2015

*As at the date of this announcement, the Board comprises Mr. CHAN William (Chairman and Chief Executive Officer), Mr. NG Tak Kwan and Mr. YIP Chun Kwok (Chief Financial Officer) as executive directors and Mr. TO King Yan, Adam, Mr. WONG Hoi Ki and Mr. HO Kwok Wah, George as independent non-executive directors.*