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 2018

FINANCIAL HIGHLIGHTS

	For the year ended 31 March	
	2018	2017
RESULTS		
Profit for the year (HK$'000)	**34,676**	54,385
FINANCIAL INFORMATION PER SHARE		
Earnings per share – Basic and diluted (HK cents)	**6.5**	11.2
	At 31 March 2018	At 31 March 2017
Net assets per share (HK$) (Net assets/number of issued ordinary shares of the Company)	**2.51**	2.40

BANK BALANCES AND CASH

At 31 March 2018, the Group had bank deposits and cash of approximately HK$399 million (2017: HK$125 million).

FINAL DIVIDEND

The Board has proposed the payment of a final dividend of HK3 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 2018 together with the comparative figures for the year ended 31 March 2017 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2018

	Note	**2018**	2017
		$'000	*$'000*
Revenue	*3*	**408,144**	602,325
Cost of sales and services		**(299,151)**	(464,213)
Gross profit		**108,993**	138,112
Other revenue	*4(a)*	**14,613**	4,605
Other net income/(loss)	*4(b)*	**40,485**	(21,815)
Selling and marketing expenses		**(22,335)**	(18,469)
Administrative and other operating expenses		**(104,572)**	(75,731)
Profit from operations		**37,184**	26,702
Increase in fair value of investment properties	*9*	**17,300**	32,843
		54,484	59,545
Finance costs	*5(a)*	**(13,176)**	(6,723)
Share of losses of associates		**–**	–
Share of profits less losses of joint ventures		**(91)**	9,240
Profit before taxation	*5*	**41,217**	62,062
Income tax	*6*	**(6,541)**	(7,677)
Profit for the year		**34,676**	54,385
Attributable to:			
– Equity shareholders of the Company		**31,120**	53,510
– Non-controlling interests		**3,556**	875
Profit for the year		**34,676**	54,385
Earnings per share	*7*		
Basic and diluted		**6.5 cents**	11.2 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Note	**2018**	2017
		$'000	*$'000*
Profit for the year		**34,676**	54,385
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		**17,944**	(11,321)
– Share of translation reserve of joint ventures		**3,263**	–
		21,207	(11,321)
Items that will not be reclassified subsequently to profit or loss:			
– Share of remeasurement of defined benefit liability of a joint venture		**(744)**	–
– Surplus on revaluation of buildings held for own use upon transfer out to investment properties	*9*	**11,474**	–
		10,730	–
Other comprehensive income for the year		**31,937**	(11,321)
Total comprehensive income for the year		**66,613**	43,064
Comprehensive income for the year attributable to:			
Equity shareholders of the Company		**55,007**	46,754
Non-controlling interests		**11,606**	(3,690)
Total comprehensive income for the year		**66,613**	43,064

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	Note	2018 $'000	2017 $'000
Non-current assets			
Investment properties	9	**529,716**	458,773
Other properties, plant and equipment		**44,155**	56,481
Interests in associates	10	**218,885**	106,797
Interests in joint ventures	11	**227,860**	69,328
Other receivables, deposits and prepayments	12(b)	**310**	683
Available-for-sale equity securities	13	**15,651**	–
Deferred tax assets		**1,002**	–
		1,037,579	692,062
Current assets			
Properties for sale		**724,948**	618,438
Inventories		**36,682**	65,339
Trade receivables	12(a)	**115,225**	136,046
Other receivables, deposits and prepayments	12(b)	**133,796**	17,752
Amounts due from associates	10	**3,267**	–
Cash held by stakeholders		**188,325**	17,023
Bank deposits and cash on hand		**399,434**	124,721
		1,601,677	979,319
Current liabilities			
Trade and other payables	14	**126,130**	56,803
Deposits received from sale of properties		**385,051**	8,688
Bank loans	15	**646,740**	229,345
Loans from non-controlling shareholders		**77,559**	76,248
Taxation payable		**8,033**	5,492
		1,243,513	376,576
Net current assets		**358,164**	602,743

	Note	2018 $'000	2017 $'000
Total assets less current liabilities		**1,395,743**	1,294,805
Non-current liabilities			
Bank loans	*15*	**183,826**	137,843
Deferred tax liabilities		**15,111**	12,446
		198,937	150,289
NET ASSETS		**1,196,806**	1,144,516
CAPITAL AND RESERVES			
Share capital		**4,774**	4,774
Reserves		**1,148,359**	1,107,675
Total equity attributable to equity shareholders of the Company		**1,153,133**	1,112,449
Non-controlling interests		**43,673**	32,067
TOTAL EQUITY		**1,196,806**	1,144,516

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, Hong Kong 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 ("$"), 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"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. 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 2017 except for the changes stated as below.

CHANGE IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these impact on the accounting policies of the Group. However, additional disclosure is required to be made in the consolidated financial statements to satisfy the new disclosure requirements introduced by the amendments to HKAS 7 – *Statement of Cash Flows: Disclosure Initiative*, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

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

3. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are property development, property investment and distribution of construction and interior decorative materials.

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

	2018	2017
	$'000	*$'000*
Sales of completed properties	**250,550**	356,104
Distribution of construction and interior decorative materials	**144,750**	239,855
Rental income	**12,844**	6,366
	408,144	602,325

The Group's customer base is diversified and includes only three customers (2017: one customer) with whom transactions have exceeded 10% of the Group's revenue.

For the year ended 31 March 2018, revenue from sales of completed properties to a customer in Hong Kong and each of the two customers in the United States of America (the "U.S.A.") amounted to approximately $81,800,000, $92,902,000 and $70,771,000 respectively.

For the year ended 31 March 2017, revenue from distribution of construction and interior decorative materials to a customer, including sales to entities which are known to the Group to be under common control of this customer was approximately $114,265,000.

(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 presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- 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 U.S.A..

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

- Distribution of construction and interior decorative materials – This segment derives its revenue from distribution of stone composite surfaces products in the Greater China region.

For the purpose of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment profit/(loss) represents profit earned by/(loss from) each segment, excluding income and expenses of the corporate function, such as certain other revenue and other net income/(loss), certain administrative and other operating expenses, increase in fair value of investment properties, finance costs, impairment loss of other receivables, deposits and prepayments, share of profits less losses of joint ventures and gain on disposal of trading securities.

All assets are allocated to operating segments other than certain other properties, plant and equipment, interests in associates, interests in joint ventures, certain other receivables, deposits and prepayments, amounts due from associates, available-for-sale equity securities, deferred tax assets and certain bank deposits and cash on hand that are not managed directly by segments.

All liabilities are allocated to operating segments other than certain other payables, loans from non-controlling shareholders, certain bank loans and deferred tax liabilities that are not managed directly by segments.

In addition, management is provided with segment results and information concerning revenue (including inter-segment sales), additions of and transfers to other properties, plant and equipment (including investment properties at fair value), depreciation of other properties, plant and equipment and loss on disposal of other properties, plant and equipment. Inter-segment sales are priced with reference to prices charged to external parties for similar services.

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

Segment results

For the year ended 31 March 2018

	Property development *$'000*	**Property investment** *$'000*	**Distribution of construction and interior decorative materials** *$'000*	**Elimination** *$'000*	**Total** *$'000*
Revenue					
External revenue	**250,550**	**12,844**	**144,750**	**–**	**408,144**
Inter-segment revenue	**–**	**3,651**	**–**	**(3,651)**	**–**
Total	**250,550**	**16,495**	**144,750**	**(3,651)**	**408,144**
Segment profit from operations	**45,026**	**264**	**20,981**	**–**	**66,271**
Corporate expenses					**(59,541)**
Corporate income					**53,914**
Increase in fair value of investment properties					**17,300**
Finance costs					**(13,176)**
Impairment loss of other receivables, deposits and prepayments					**(23,460)**
Share of profits less losses of joint ventures					**(91)**
Profit before taxation					**41,217**

For the year ended 31 March 2017

	Property development *$'000*	Property investment *$'000*	Distribution of construction and interior decorative materials *$'000*	Elimination *$'000*	Total *$'000*
Revenue					
External revenue	356,104	6,366	239,855	–	602,325
Inter-segment revenue	–	4,161	–	(4,161)	–
Total	356,104	10,527	239,855	(4,161)	602,325
Segment profit/(loss) from operations	57,995	(2,389)	35,930	–	91,536
Corporate expenses					(73,769)
Corporate income					1,838
Increase in fair value of investment properties					32,843
Gain on disposal of trading securities					7,097
Finance costs					(6,723)
Share of profits less losses of joint ventures					9,240
Profit before taxation					62,062

Segment assets and liabilities

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

	2018	2017
	$'000	*$'000*
Segment assets		
Property development	**954,101**	646,871
Property investment	**531,987**	460,689
Distribution of construction and interior decorative materials	**153,228**	203,792
Total segment assets	**1,639,316**	1,311,352
Other properties, plant and equipment	**43,575**	54,710
Interests in associates	**218,885**	106,797
Interests in joint ventures	**227,860**	69,328
Deferred tax assets	**1,002**	–
Other receivables, deposits and prepayments	**95,182**	4,473
Amounts due from associates	**3,267**	–
Available-for-sale equity securities	**15,651**	–
Bank deposits and cash on hand	**394,518**	124,721
Total consolidated assets of the Group	**2,639,256**	1,671,381
Segment liabilities		
Property development	**640,296**	203,547
Property investment	**117,926**	128,659
Distribution of construction and interior decorative materials	**35,232**	71,811
Total segment liabilities	**793,454**	404,017
Other payables	**6,326**	4,154
Loans from non-controlling shareholders	**77,559**	76,248
Bank loans	**550,000**	30,000
Deferred tax liabilities	**15,111**	12,446
Total consolidated liabilities of the Group	**1,442,450**	526,865

Other segment information

For the year ended 31 March 2018

	Property development *$'000*	**Property investment** *$'000*	**Distribution of construction and interior decorative materials** *$'000*	**Segment Total** *$'000*	**Unallocated** *$'000*	**Total** *$'000*
Amounts included in the measure of segment results or segment assets:						
Additions of and transfers to other properties, plant and equipment (including investment properties at fair value)	**–**	**19,523**	**11**	**19,534**	**80**	**19,614**
Depreciation of other properties, plant and equipment	**–**	**–**	**(466)**	**(466)**	**(3,388)**	**(3,854)**
Loss on disposal of other properties, plant and equipment	**–**	**–**	**(818)**	**(818)**	**–**	**(818)**

For the year ended 31 March 2017

	Property development *$'000*	Property investment *$'000*	Distribution of construction and interior decorative materials *$'000*	Segment Total *$'000*	Unallocated *$'000*	Total *$'000*
Amounts included in the measure of segment results or segment assets:						
Additions of and transfers to other properties, plant and equipment (including investment properties at fair value)	–	37,200	56	37,256	96	37,352
Depreciation of other properties, plant and equipment	–	–	(876)	(876)	(3,661)	(4,537)
Loss on disposal of other properties, plant and equipment	–	–	(480)	(480)	–	(480)

Geographical information

Management has categorised revenue by location at which the services were provided or the goods were delivered as follows:

	2018	2017
	$'000	*$'000*
Hong Kong	**90,633**	360,606
The PRC	**150,842**	241,719
The U.S.A.	**163,673**	–
Others	**2,996**	–
	408,144	602,325

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

	2018	2017
	$'000	*$'000*
Hong Kong	**223,867**	197,603
The PRC	**359,992**	326,248
The U.S.A.	**–**	–
Others	**14,768**	15,083
	598,627	538,934

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

	2018	2017
	$'000	*$'000*
(a) Other revenue		
Income from forfeiture of property sales deposits	**1,098**	1,847
Dividend income from trading securities	**–**	472
Interest income on bank deposits	**113**	166
Interest income on loans to joint ventures	**8,376**	–
Others	**5,026**	2,120
	14,613	4,605
(b) Other net income/(loss)		
Net foreign exchange gain/(loss)	**41,291**	(28,432)
Gain on disposal of trading securities	**–**	7,097
Loss on disposal of other properties, plant and equipment	**(818)**	(480)
Others	**12**	–
	40,485	(21,815)

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2018	2017
	$'000	*$'000*
(a) Finance costs		
Interest on bank loans	**16,444**	12,285
Interest on loan from a non-controlling shareholder	**199**	121
Less: interest expenses capitalised into properties under development for sale *(Note)*	**(3,467)**	(5,683)
	13,176	6,723

Note: Interest was capitalised at an average annual rate of approximately 3.0% (2017: 2.6%).

	2018	2017
	$'000	*$'000*
(b) Other items		
Depreciation of other properties, plant and equipment	**3,854**	4,537
Salaries, wages and other benefits	**44,262**	49,884
Contributions to defined contribution retirement plans	**989**	1,167
Staff costs (including directors' remuneration)	**45,251**	51,051
Cost of inventories	**102,889**	171,394
Cost of properties for recognised sales	**192,262**	289,437
Operating lease payments in respect of leased properties	**3,173**	5,744
Rental receivable from investment properties less direct outgoings of $4,000,000 (2017: $3,382,000)	**(8,844)**	(2,984)
Impairment loss of:		
– Trade receivables *(Note 12(a))*	**3,445**	5,302
– Other receivables, deposits and prepayments *(Note)*	**23,460**	–
Reversal of allowances for doubtful debts *(Note 12(a))*	**(161)**	(5,512)
Auditors' remuneration – audit services	**1,568**	1,508

Note: The Group has advanced US$3,000,000 (equivalent to approximately $23,460,000) in May 2017 into a potential property project with other ventures, independent third parties of the Group, in the U.S.A. as part of the pre-development cost. Due to the increase in the local property taxes as well as the construction costs plus the interest rate, the expected return of such project does not meet the Group's initial expectation and the Group decided to withdraw from the project under careful consideration accordingly. Besides, the Group considered that the possibility of recovery of such amount was remote and therefore a full impairment loss was made during the year.

6. INCOME TAX

	2018	2017
	$'000	*$'000*
Current tax		
Hong Kong Profits Tax		
– Provision for the year	**4,227**	1,610
– Under-provision in respect of prior year	**19**	–
	4,246	1,610
PRC Enterprise Income Tax ("EIT")		
– Provision for the year	**3,440**	7,010
– Over-provision in respect of prior year	**(1,352)**	–
	2,088	7,010
Withholding tax	**–**	(3,251)
Overseas tax		
– Provision for the year	**1,209**	–
– Over-provision in respect of prior years	**–**	(88)
	1,209	(88)
	7,543	5,281
Deferred tax		
Origination and reversal of temporary differences	**(1,002)**	2,396
	6,541	7,677

The provision for Hong Kong Profits Tax is calculated at 16.5% (2017: 16.5%) of the estimated assessable profits for the year ended 31 March 2018.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the PRC EIT tax rate is 25% (2017: 25%) for the year ended 31 March 2018.

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

7. 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 of $31,120,000 (2017: $53,510,000) and 477,447,000 (2017: 477,447,000) ordinary shares in issue during the year.

(b) Diluted earnings per share

The diluted earnings per share is the same as the basic earnings per share as there are no potential dilutive ordinary shares in existence during the years ended 31 March 2018 and 31 March 2017.

8. DIVIDEND

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

	2018	2017
	$'000	*$'000*
Final dividend declared and paid after the end of the reporting period of 3 cents per share (2017: 3 cents per share)	**14,323**	14,323

The Board does not recommend the payment of an interim dividend for the year ended 31 March 2018 (2017: $Nil).

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

(b) Dividend payable to equity shareholders attributable to the previous financial year, approved and paid during the year

	2018	2017
	$'000	*$'000*
Final dividend in respect of the previous financial year of 3 cents per share (2017: 3 cents per share)	**14,323**	14,323

9. INVESTMENT PROPERTIES

	2018	2017
	$'000	*$'000*
At valuation:		
At the beginning of the year	**458,773**	430,583
Additions	**223**	100
Transfers	**19,300**	15,873
Revaluation surplus	**17,300**	32,843
Exchange adjustments	**34,120**	(20,626)
At the end of the year	**529,716**	458,773

All investment properties are held in Hong Kong and the PRC under medium-term leases. At 31 March 2018, investment properties of $168,300,000 (2017: $457,273,000) were pledged as securities for bank loans (Note 15).

During the year ended 31 March 2018, a certain portion of buildings held for own use in Hong Kong at carrying value of $7,826,000 was transferred from "other properties, plant and equipment" to "investment properties" as a result of change in use. The properties were measured at fair value at the time of transfer amounting to $19,300,000 and revaluation surplus of $11,474,000 have been dealt with in the consolidated statement of comprehensive income.

During the year ended 31 March 2017, completed properties held for sale at cost of $15,873,000 were transferred from "properties for sale" to "investment properties" as a result of change in use. The properties were measured at fair value at the time of transfer amounting to $37,100,000 and revaluation surplus of $21,227,000 have been dealt with in the consolidated income statement.

The investment properties in Hong Kong and the PRC were revalued at 31 March 2018 by Asset Appraisal Limited (2017: Asset Appraisal Limited) and Beijing Colliers International Real Estate Valuation Co., Ltd. (2017: Colliers International (Hong Kong) Limited) respectively, independent firms of surveyors who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the locations and categories of properties being valued.

10. INTERESTS IN ASSOCIATES AND AMOUNTS DUE FROM ASSOCIATES

	2018	2017
	$'000	*$'000*
Share of net assets *(Note (c))*	**–**	–
Amounts due from associates (non-current portion) *(Note (d))*	**218,885**	106,797
	218,885	106,797
Amounts due from associates (current portion) *(Note (e))*	**3,267**	–

Note:

(a) As part of the arrangement between the Group and Rykadan Real Estate Fund LP ("RREFLP"), in which the Company had 1% indirect equity interest, for the sole purpose of the development of the property mentioned in note (b) below (the "Project"), on 20 September 2017, a wholly-owned subsidiary of the Company, transferred 80% equity interests in Fastest Runner Limited ("Fastest Runner"), an indirectly wholly-owned subsidiary of the Company as at 31 March 2017, to RREFLP at a consideration of US$80 (equivalently to approximately $627). Since Dynamic Power Global Limited ("Dynamic Power") is a wholly-owned subsidiary of Fastest Runner, after the transfer of equity interest in Fastest Runner mentioned above, both Fastest Runner and Dynamic Power became associates of the Group and neither of them had carried on any business prior to the transfer. The 20% equity interests in Fastest Runner and Dynamic Power are accounted for as interests in associates in the consolidated financial statements using equity method. Moreover, given that the Group is able to exercise significant influence over RREFLP because there is one member out of three in the Investment Committee pursuant to the limited partnership agreement that was entered between the Group acting as general partner and other limited partners, the 1% equity interest in RREFLP is accounted for as interest in an associate in the consolidated financial statements using equity method.

(b) Pursuant to a tender submitted by Dynamic Power on 20 September 2017, on 15 December 2017, Dynamic Power acquired 100% interests in Capital Universal Investment Limited ("Capital Universal"), which is the sole owner of a property located in Wong Chuk Hang, Hong Kong, at a consideration of $1,518,157,000. Since Dynamic Power is an associate of the Group, the Group's 20% interests in Capital Universal through holding 20% interests of Fastest Runner is accounted for as interest in an associate in the consolidated financial statements using equity method.

(c) At 31 March 2018, the Group's unrecognised share of losses of associates, Epic Quest Global Limited and its subsidiary, for the current year and for the year cumulatively, amounted to $791,000 (2017: $1,951,000) and $4,520,000 (2017: $3,729,000) respectively.

At 31 March 2018, the Group's unrecognised share of losses of associates, Fastest Runner and its subsidiaries for the current year and for the year cumulatively, amounted to $861,000.

At 31 March 2018, the Group's unrecognised share of losses of associates, RREFLP and its subsidiaries, for the current year and for the year cumulatively, amounted to $76,000.

(d) At 31 March 2018 and 31 March 2017, the amounts due from associates are unsecured, interest-free and have no fixed terms of repayment. All the amounts are not expected to be recovered within the next twelve months from the end of the reporting period and they are neither past due nor impaired.

(e) At 31 March 2018, the amounts due from associates are unsecured, interest-free and recoverable on demand.

11. INTERESTS IN JOINT VENTURES

	2018	2017
	$'000	*$'000*
Share of net assets	**23,444**	22,997
Amounts due from joint ventures	**204,416**	46,331
Interests in joint ventures	**227,860**	69,328

As 31 March 2018, the amounts due from joint ventures of $190,000,000 (2017: $Nil) and $6,389,000 (2017: $6,326,000) are interest bearing of 4.5% per annum over the 3-month Hong Kong Interbank Offer Rate and 5.5% per annum respectively, unsecured and have no fixed terms of repayment while the remaining balance of $8,027,000 (2017: $40,005,000) is interest-free, unsecured and has no fixed terms of repayment. All amounts are not expected to be recoverable within the next twelve months from the end of the reporting period and they are neither past due nor impaired.

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(a) Trade receivables

	2018	2017
	$'000	*$'000*
Trade receivables	**136,199**	151,873
Less: allowance for doubtful debts	**(20,974)**	(15,827)
	115,225	136,046

At 31 March 2018, the ageing analysis of trade receivables based on invoice date, net of allowance for doubtful debts, is as follows:

	2018	2017
	$'000	*$'000*
1-30 days	**14,370**	24,728
31-60 days	**41,555**	26,306
61-90 days	**2,668**	16,188
Over 90 days	**56,632**	68,824
	115,225	136,046

The Group negotiates with customers on individual basis in accordance with contract terms, i.e. an average credit period of 90 days (2017: 90 days), except for sales of properties the proceeds from which are receivable pursuant to the terms of agreements and rental income which is receivable in the month the tenants use the premises.

Before accepting any new customers of the distribution of construction and interior decorative materials business, the Group assesses the potential customers' 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:

	2018	2017
	$'000	*$'000*
At the beginning of the year	**15,827**	18,362
Impairment loss recognised	**3,445**	5,302
Uncollectible amounts written off	**–**	(1,317)
Reversal of allowance for doubtful debts	**(161)**	(5,512)
Exchange adjustments	**1,863**	(1,008)
At the end of the year	**20,974**	15,827

At 31 March 2018, the Group's trade receivables of $20,974,000 (2017: $15,827,000) were individually determined to be impaired. The individually impaired receivables related 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 2018, specific allowances for doubtful debts of $3,445,000 (2017: 5,302,000) was recognised.

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

	2018	2017
	$'000	*$'000*
Neither past due nor impaired	**34,955**	58,411
1-30 days	**6,285**	16,274
31-60 days	**36,846**	5,138
61-90 days	**1,462**	4,845
Over 90 days	**35,677**	51,378
	80,270	77,635
	115,225	136,046

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.

(b) Other receivables, deposits and prepayments

	2018	2017
	$'000	*$'000*
Deposits and prepayments *(Note)*	**127,239**	6,746
Consideration receivables	**–**	4,148
Other receivables	**6,867**	7,541
	134,106	18,435
Represented by:		
Non-current portion	**310**	683
Current portion	**133,796**	17,752
	134,106	18,435

Note: At 31 March 2018, the balance included the commission paid for pre-sale of properties and the deposit paid for acquisition of properties for sale of $30,769,000 (2017: $Nil) and $91,022,000 (2017: $Nil) respectively.

13. AVAILABLE-FOR-SALE EQUITY SECURITIES

	2018	2017
	$'000	*$'000*
Unlisted equity securities	**15,651**	–

The unlisted available-for-sale equity securities do not have a quoted market price and their fair values cannot be reliably measured. They are stated at cost less impairment losses.

14. TRADE AND OTHER PAYABLES

At 31 March 2018, included in trade and other payables are trade payables of $37,734,000 (2017: $2,728,000) and the ageing analysis of trade payables, based on invoice date, is as follows:

	2018	2017
	$'000	*$'000*
1-30 days	**37,652**	2,702
31-60 days	**1**	–
61-90 days	**76**	–
Over 90 days	**5**	26
	37,734	2,728

15. BANK LOANS

The analysis of the carrying amount of bank borrowings is as follows:

	2018	2017
	$'000	*$'000*
Current liabilities		
Portion of bank loans due for repayment within one year	**197,762**	154,364
Portion of bank loans due for repayment after one year which contain a repayment on demand clause	**448,978**	74,981
	646,740	229,345
Non-current liabilities		
Bank loans	**183,826**	137,843

At 31 March 2018, the bank loans are due for repayment as follows:

	2018	2017
	$'000	*$'000*
Portion of bank loans due for repayment within 1 year	**197,762**	154,364
Bank loans due for repayment after 1 year (note (g)):		
After 1 year but within 2 years	**547,521**	17,847
After 2 years but within 5 years	**44,364**	147,681
After 5 years	**40,919**	47,296
	632,804	212,824
	830,566	367,188

At 31 March 2018, the secured bank loans and unsecured bank loans are as follows:

	2018	2017
	$'000	*$'000*
Secured bank loans	**669,819**	316,912
Unsecured bank loans	**160,747**	50,276
	830,566	367,188

(a) At 31 March 2018, bank loans drawn in Hong Kong bear interest at rates range from 1.8% to 3% (2017: 1.9% to 2.5%) per annum over the Hong Kong Interbank Offer Rate or London Interbank Offer Rate. The interests are repriced every one to three months.

(b) At 31 March 2018, bank loans drawn in the U.S.A. bear interest at 5% per annum (2017: 1% per annum over the daily Wall Street Journal Prime Rate).

(c) At 31 March 2018, bank loan drawn in Macau bears interest at 1% per annum below the Macau's Prime Lending Rate (2017: Nil).

(d) At 31 March 2017, bank loans drawn in the PRC bear interest at The People's Bank of China Base Interest Rate per annum.

(e) At 31 March, certain of the banking facilities of the Group were secured by mortgages over:

	2018	2017
	$'000	*$'000*
Investment properties	**168,300**	457,273
Buildings held for own use	**41,778**	51,074
Properties for sale	**405,969**	401,092
Pledged bank deposit	**20,429**	422
	636,476	909,861

Such banking facilities amounted to $923,438,000 (2017: $712,056,000) were utilised to the extent of $693,826,000 as at 31 March 2018 (2017: $335,010,000).

(f) 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 was 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 2018 and 31 March 2017.

(g) The amounts due are based on the scheduled repayment dates set out in loan agreements and ignored the effect of any repayment on demand clause.

(h) Certain of the Group's loan agreements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Group has met the scheduled repayment obligations.

The Group does not consider it probable that bank will exercise its discretion to demand repayment for so long as the Group continues to meet the scheduled repayment obligations.

BUSINESS AND FINANCIAL REVIEW

Overview

The Group achieved a number of key milestones within its property development business during the year under review. These included the successful pre-sale of its second industrial redevelopment project, under the project name of THE KHORA (hereafter referred to as the "Maple Street Project"), strengthening the Group's track record in monetising its property projects and investments. The Group also monetised the remainder of The Paseo residential real estate project.

Another significant milestone was the Group's expansion into the asset management business, specifically the launch of the Rykadan Real Estate Fund LP in December 2017. Leveraging on the Group's growing reputation among institutional real estate investors for generating good returns from multiple real estate investment projects, the asset management business will further diversify the Group's revenue stream, broaden its base for development capital, and grow its asset value.

The Group is continuing to actively explore the acquisition of additional commercial, industrial and residential properties in Hong Kong and overseas to complement its existing portfolio, while exiting other property investments to free up capital. This aligns with its strategy of securing high-potential investments, growing asset values and exiting within a three-to-five year horizon.

During the year under review, the Group's investments included commercial, industrial and residential property developments in Hong Kong, the People's Republic of China (the "PRC"), the United States of America (the "U.S.A.") and the United Kingdom (the "U.K."). It has also invested in companies operating in the areas of distribution of construction and interior decorative materials, hospitality operations and asset management.

As at 31 March 2018, the Group's total assets amounted to HK$2,639 million (2017: HK$1,671 million), of which HK$1,602 million (2017: HK$979 million) was current assets, approximately 1.29 times (2017: 2.60 times) of current liabilities. Equity attributable to the owners of the Company was HK$1,153 million (2017: HK$1,112 million).

Overall Performance

During the year ended 31 March 2018, the Group recorded consolidated revenue of HK$408 million (2017: HK$602 million). Gross profit and gross profit margin for these segments were HK$109 million (2017: HK$138 million) and 26.7% (2017: 22.9%) respectively.

Profit for the year was HK$35 million (2017: HK$54 million). Profit attributable to equity shareholders of the Company was HK$31 million (2017: HK$54 million).

The profit was mostly attributed to the sale of two properties in the U.S.A., the remaining residential and commercial units of The Paseo, fair value gain on investment properties in Hong Kong, as well as favourable net foreign exchange gains from the Renminbi and British Pound, notwithstanding an impairment loss recorded for other receivables, deposits and prepayments.

Basic and diluted earnings per share for the year ended 31 March 2018 was HK6.5 cents (2017: HK11.2 cents).

The board declared a final dividend per share of HK3 cents (2017: HK3 cents).

Material Acquisitions and Disposals

Q.R.B.G. S.r.L. ("QRBG"), an indirect wholly-owned subsidiary of Quarella Holdings Limited, a joint venture of the Group, and Quarella S.p.A. ("Quarella Italy"), an independent third party, have entered into a business sale and purchase contract on 19 July 2017 that QRBG has acquired, and Quarella Italy has, among other things, sold, the relevant parts of the business and assets of Quarella Italy which related to the business of production of quartz and marble-based engineered stone composite surface products. The major assets acquired by QRBG under the business sale and purchase contract consist of land and buildings, plant and machineries, inventories and trademarks.

Investment Portfolio

As at 31 March 2018, the Group had bank deposits and cash of approximately HK$399 million (2017: HK$125 million), representing 15.1% (2017: 7.5%) of the Group's total assets.

The following table shows the Group's investments as at 31 March 2018.

Real estate investments

Investment	Location	Type	Group interest	Status as of 31/3/2018	Total gross floor area *(Note 1)*	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

Investment	Location	Type	Group interest	Status as of 31/3/2018	Total gross floor area *(Note 1)*	Total land area	Attributable gross floor/ land area
265 Naomi Project	265 W Naomi Avenue, Arcadia, CA91007, the U.S.A.	Residential property	100%	Under construction. Expected to be completed in January 2019	8,064 square feet	N/A	8,064 square feet
263 Naomi Project	263 W Naomi Avenue, Arcadia, CA91007, the U.S.A.	Residential property	100%	Under construction. Expected to be completed in January 2019	8,010 square feet	N/A	8,010 square feet
Monterey Park Towne Centre	100, 120, 150, 200 South Garfield and 114 East Garvey and City Parking Lot, Monterey Park, CA91755, the U.S.A.	Residential and retail property	100%	Under planning	N/A	95,438 square feet	95,438 square feet
Le Roy Project	333 West Le Roy Avenue, Arcadia, CA91007, the U.S.A.	Residential property	50%	Under construction. Expected to be completed in September 2018	7,205 square feet	N/A	3,603 square feet
Shoreditch Project	79-81 Paul Street, Shoreditch, London, EC2A 4NQ, the U.K.	Commercial property	100%	Completed and being marketed to buyer	10,939 square feet	N/A	10,939 square feet
Kailong Nanhui Business Park	An industrial complex located at No. 2300 Xuanhuang Road, Huinan County, Pudong New District, Shanghai, the PRC	Commercial and industrial property	59.1%	Being marketed to tenants	52,304 square metres	N/A	30,911 square metres
Maple Street Project	124-126, 130, 132 and 134 Bedford Road, Tai Kok Tsui, Kowloon	Industrial property	100%	Under construction and pre-sales stage. Expected to be completed in December 2018	86,400 square feet	N/A	86,400 square feet
Wing Hong Street Project	55-57 Wing Hong Street and 84-86 King Lam Street, Kowloon	Industrial property	26%	Under construction. Expected to be completed in December 2018	181,687 square feet	N/A	47,239 square feet

Investment	Location	Type	Group interest	Status as of 31/3/2018	Total gross floor area *(Note 1)*	Total land area	Attributable gross floor/ land area
Wong Chuk Hang Project	23 Wong Chuk Hang Road, Hong Kong	Commercial property	20.8%	Under construction. Expected to be completed in March 2022	107,202 square feet	N/A	22,298 square feet
2702, 2802, 2803, 2804 and various car parking spaces of Rykadan Capital Tower	135 Hoi Bun Road, Kwun Tong, Kowloon	Commercial property	100%	Completed (classified as investment properties)	13,467 square feet	N/A	13,467 square feet
Various car parking spaces of Rykadan Capital Tower	135 Hoi Bun Road, Kwun Tong, Kowloon	Commercial property	100%	Completed (classified as properties for sale)	N/A	N/A	N/A

Note 1: Gross floor area is calculated on the Group's development plans which may be subject to change.

Other investments

Investment	Business/type	Group interest
Q-Stone Building Materials Limited	Distribution of construction and interior decorative materials	87%
Quarella Holdings Limited	Producer of quartz and marble-based engineered stone composite surfaces products	43.5%
RS Hospitality Private Limited	A joint venture for operating a 24-suite boutique resort in Bhutan	50%

SUMMARY AND REVIEW OF INVESTMENTS

Property Development

The Group remains highly active in the property development business and moved a number of its projects closer to completion and the sales phase. Highlights included the successful pre-sale of the Maple Street Project and the monetisation of the remainder of The Paseo. The Group also sold two of its completed residential projects in Arcadia, the U.S.A..

It also acquired a residential and retail property development sites during the year under review, in Monterey Park, the U.S.A..

The Group remains focused on completing two industrial redevelopment projects in Hong Kong – the Maple Street Project and the Wing Hong Street Project – by the end of December 2018. It is also continuing to explore expansions into other property-related business fields, including management services through its wholly-owned subsidiaries, Rykadan Management Services Limited and Rykadan Project Management Limited, under a progressive fee structure linked to cost saving performance or at a fixed percentage of the actual total construction cost.

The Group will continuously review and assess its projects on hand with a view of materialising its investments at an appropriate time.

In addition, the Group expanded into the asset management business with the launch of the Rykadan Real Estate Fund LP in December 2017 with a mandate of acquiring and investing in high-potential real estate project, Wong Chuk Hang Project.

Property Investment

The Group also holds several properties in Hong Kong, the PRC and Bhutan for property investment and hospitality operations purposes.

In Hong Kong, the Group continues to retain two floors of Rykadan Capital Tower and car parking spaces for its own use and for rental income or potential rental income.

In the PRC, the Group remains invested in the Kailong Nanhui Business Park (the "Business Park") as of 31 March 2018. In July 2017, the Group has entered into a property sale and purchase agreement and a framework agreement with an independent third party (the "Purchaser") with regard to (i) the disposal of block 4 of the Business Park and (ii) the entering into of the agreement in relation to the disposal of the entire equity interests in Bestlinkage NHI Co., Ltd (effectively disposing of the Business Park entirely). Details of such proposed disposal was disclosed in the circular of the Company dated 22 September 2017. Nevertheless, as at 31 March 2018, the Group and the Purchaser re-assessed and further negotiated on the deal structure in order for the sale to go through due to the difficulties encountered in obtaining approval from the authorities for the disposal of the Business Park in stages.

In Bhutan, the Group has invested in a 24-suite boutique resort located in Bhutan's Punakha Valley, where occupancy and operations have continued to be stable.

Distribution of Construction and Interior Decorative Materials

During the year under review, the Group finalised a shareholders agreement with its joint venture partner governing the acquisition of business investment in Quarella Italy, a world leader in the production of quartz and marble-based engineered stone composite surfaces products via a joint-venture. This enabled the Group to combine its strong building materials distribution experience with the stone products manufacturing experience of its partner to support the growth and development of Quarella's business.

Quarella was established over 50 years ago and currently has manufacturing and research and development centres in Italy. Its products are popularly used for benchtops, bathroom surfaces and floor tiles and it has supplied materials for a number of prominent commercial buildings and shopping malls in many markets around the world, including the PRC and Hong Kong.

The Group is continuing to look for other brands through which it can expand the construction and interior decorative materials business of its subsidiary, Q-Stone Building Materials Limited ("Q-Stone"). As at 31 March 2018, Q-stone had contracts on hand worth HK$43 million.

Outlook

The Group remains optimistic about the strength of the Hong Kong commercial and industrial property markets. Surging rents and valuation in Hong Kong's traditional CBD has led to the continuous migration of multinational firms to non-core commercial districts, including East Kowloon, West Kowloon and the Southern District of Hong Kong Island. This will benefit the Group's portfolio of property development and investment projects in Hong Kong.

Despite risks associated with increasing interest rates and other political events, the Group remains confident about the longer-term prospects of the U.S.A. property markets.

Prospects for the Group's construction and interior decorative materials business will continue to be supported by economic growth in the PRC, as well as other government efforts such as the Belt and Road Initiative. These factors should support the domestic construction industry, particularly in the second/third-tier cities and western regions of the PRC.

The Group will continue to diligently evaluate new investment opportunities and further grow and diversify the Group's investment portfolio, while also developing its reputation as an asset manager.

The Group will actively manage its ongoing investments in the Greater China region and overseas to support its future performance and create value for shareholders.

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 headquarters 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 2018, the Group's total debts (representing total interest-bearing bank borrowings) to total assets ratio was 31.5% (2017: 22.0%). 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 39.5% (2017: 21.8%) as the Group has net debts of HK$456 million as at 31 March 2018 (2017: HK$243 million).

At 31 March 2018, the Group has total bank borrowings of HK$831 million (2017: HK$367 million). The bank borrowings of the Group were mainly to finance the retaining two floors of Rykadan Capital Tower, Hong Kong and the United States property development projects and the investment of Quarella. Of the total bank borrowings, the bank loans of HK$670 million were secured by the investment properties, properties for sale, buildings held for own use and pledged bank deposit, of which HK$184 million will be repayable upon the completion of construction of properties. Further costs for developing the property development project and the Quarella business will be financed by either unutilised banking facilities, deposits received from customers held as cash held by stakeholders designated for the projects or internally generated funds.

As at 31 March 2018, the Group's current assets and current liabilities were HK$1,602 million (2017: HK$979 million) and HK$1,244 million (2017: HK$377 million) respectively. The Group's current ratio decreased to 1.29 (2017: 2.60). 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 risks 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 mainly including Euro, United States Dollars, British Pound and Renminbi.

Certain of 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, the management of the Group will monitor foreign currencies and interest rates for each business segment and consider appropriate hedging policies in the 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 subsidiaries of HK$885,959,000 (2017: HK$919,392,000). The banking facilities were utilised to the extent of HK$308,170,000 as at 31 March 2018 (2017: HK$322,157,000), including the bank guarantee in favour of a utility service provider to secure the payment obligation of a subisidary of a joint venture for an amount up to Euro ("EUR") 370,000 (equivalent to HK$3,597,000) (2017: EUR370,000 (equivalent to HK$3,091,000)).

The directors do not consider it probable that a claim will be made against the Company under any of the guarantees and have not recognised any deferred income in respect of these guarantees and no transaction price was incurred.

Employees and Remuneration Policies

As at 31 March 2018, the total number of employees of the Group is 31 (31 March 2017: 62). The Group offers an attractive remuneration policy, including reward to employees on a performance basis with reference to market rate, and subsidies for job-related continuing education. Total remuneration for employees (including the directors' remuneration) was HK$45 million for the year (2017: HK$51 million).

EVENT AFTER THE REPORTING PERIOD

As at 31 March 2018, an aggregate amount of HK$91 million of deposits were paid in connection with the acquisition of a property development (the "Property") as part of the arrangement between, among others, the Group and Rykadan Real Estate Prospect Fund LP ("Prospect Fund"), a fund established and managed by the Group, for the sole purpose of the development of the Property (the "Project"). The Group's pro-rata capital commitment in the Project is estimated to be HK$19 million in total and part of which in the amount of HK$12 million was reflected in the aforesaid deposits which were initially entirely funded by the Group. Pursuant to the terms of the relevant shareholders' agreement signed after the reporting period, of the said deposits, an amount of HK$79 million was repaid to the Group subsequent to the end of the reporting period.

SCOPE OF WORK OF KPMG

The financial 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 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

PROPOSED FINAL DIVIDEND

A final dividend of HK3 cents per share for the year ended 31 March 2018 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 31 August 2018 to the shareholders of the Company.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The 2018 annual general meeting (the "AGM") of the Company is scheduled to be held on 8 August 2018. For determining the qualification as shareholders to attend and vote at the AGM, the register of members of the Company will be closed from 6 August 2018 to 8 August 2018, 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 3 August 2018.

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 23 August 2018 to 24 August 2018, 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 22 August 2018.

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 seven Board meetings held during the year ended 31 March 2018, two of which were regular meetings held for approving the final results for the year ended 31 March 2017 and the interim results for the period ended 30 September 2017. 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 William ("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, 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.

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 2018.

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 2018 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 2018 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.

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, 8 June 2018

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