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 2019

FINANCIAL HIGHLIGHTS

	For the year ended 31 March	
	2019	2018
RESULTS		
Profit for the year (HK$'000)	**322,641**	34,676
FINANCIAL INFORMATION PER SHARE		
Earnings per share – Basic and diluted (HK cents)	**69.1**	6.5
	At 31 March 2019	At 31 March 2018
Net assets per share (HK$) (Net assets/number of issued ordinary shares of the Company)	**3.08**	2.51

BANK BALANCES AND CASH

At 31 March 2019, the Group had bank deposits and cash of approximately HK$436 million (2018: HK$399 million).

FINAL DIVIDEND

The Board has proposed the payment of a final dividend of HK6 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 2019 together with the comparative figures for the year ended 31 March 2018 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2019

	Note	**2019**	2018
			(Note)
		$'000	*$'000*
Revenue	*3*	**881,095**	408,144
Cost of sales and services		**(463,733)**	(299,151)
Gross profit		**417,362**	108,993
Other revenue	*4(a)*	**18,686**	14,613
Other net (loss)/income	*4(b)*	**(22,932)**	40,485
Selling and marketing expenses		**(44,866)**	(22,335)
Administrative and other operating expenses		**(73,147)**	(104,572)
Profit from operations		**295,103**	37,184
Increase in fair value of investment properties	*9*	**5,585**	17,300
		300,688	54,484
Finance costs	*5(a)*	**(23,563)**	(13,176)
Share of profit less losses of associates		**121,144**	–
Share of profit less losses of joint ventures		**(27,097)**	(91)
Profit before taxation	*5*	**371,172**	41,217
Income tax	*6*	**(48,531)**	(6,541)
Profit for the year		**322,641**	34,676
Attributable to:			
– Equity shareholders of the Company		**329,957**	31,120
– Non-controlling interests		**(7,316)**	3,556
Profit for the year		**322,641**	34,676
Earnings per share	*7*		
Basic and diluted		**69.1 cents**	6.5 cents

Note: The Group has initially applied HKFRS 9 at 1 April 2018. Under the transition method chosen, comparative information is not restated. See note 2.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Note	2019	2018 (Note)
		$'000	*$'000*
Profit for the year		**322,641**	34,676
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		**(14,390)**	17,944
– Share of translation reserve of joint ventures		**(4,392)**	3,263
		(18,782)	21,207
Items that will not be reclassified subsequently to profit or loss:			
– Share of remeasurement of defined benefit liability of a joint venture		**(54)**	(744)
– Surplus on revaluation of buildings held for own use upon transfer out to investment properties	9	–	11,474
– Financial assets measured at fair value through other comprehensive income – movement in fair value reserve (non-recycling)		**(14,651)**	–
		(14,705)	10,730
Other comprehensive income for the year		**(33,487)**	31,937
Total comprehensive income for the year		**289,154**	66,613
Attributable to:			
– Equity shareholders of the Company		**302,393**	55,007
– Non-controlling interests		**(13,239)**	11,606
Total comprehensive income for the year		**289,154**	66,613

Note: The Group has initially applied HKFRS 9 at 1 April 2018. Under the transition method chosen, comparative information is not restated. See note 2.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Note	**2019**	2018 *(Note)*
		$'000	*$'000*
Non-current assets			
Investment properties	*9*	**512,845**	529,716
Other properties, plant and equipment		**41,407**	44,155
Interests in associates	*10*	**215,861**	218,885
Interests in joint ventures	*11*	**201,343**	227,860
Other receivables, deposits and prepayments		**–**	310
Financial assets measured at fair value through other comprehensive income		**1,000**	–
Available-for-sale equity securities		**–**	15,651
Deferred tax assets		**–**	1,002
		972,456	1,037,579
Current assets			
Properties for sale		**469,236**	724,948
Inventories		**12,935**	36,682
Trade receivables	*12*	**104,012**	115,225
Other receivables, deposits and prepayments		**29,911**	133,796
Amounts due from associates	*10*	**–**	3,267
Cash held by stakeholders		**–**	188,325
Bank deposits and cash on hand		**435,767**	399,434
		1,051,861	1,601,677
Current liabilities			
Trade and other payables	*13*	**72,540**	126,130
Contract liabilities		**5,277**	–
Deposits received from sale of properties		**–**	385,051
Bank loans	*14*	**338,459**	646,740
Loans from non-controlling shareholders		**78,218**	77,559
Taxation payable		**46,954**	8,033
		541,448	1,243,513

	Note	2019	2018
			(Note)
		$'000	*$'000*
Net current assets		**510,413**	358,164
Total assets less current liabilities		**1,482,869**	1,395,743
Non-current liabilities			
Bank loans	*14*	**–**	183,826
Deferred tax liabilities		**13,435**	15,111
		13,435	198,937
NET ASSETS		**1,469,434**	1,196,806
CAPITAL AND RESERVES			
Share capital		**4,774**	4,774
Reserves		**1,434,512**	1,148,359
Total equity attributable to equity shareholders of the Company		**1,439,286**	1,153,133
Non-controlling interests		**30,148**	43,673
TOTAL EQUITY		**1,469,434**	1,196,806

Note: The Group has initially applied HKFRS 9 at 1 April 2018. Under the transition method chosen, comparative information is not restated. See note 2.

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 2018 except for the accounting policy changes that are reflected in the 2019 annual financial statements. Details of the changes in accounting policies are set out below.

CHANGES IN ACCOUNTING POLICIES

Overview

The HKICPA has issued a number of new HKFRSs and 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:

- HKFRS 9, *Financial instruments*
- HKFRS 15, *Revenue from contracts with customers*

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

The Group has been impacted by HKFRS 9 in relation to classification of financial assets and measurement of credit losses. Details of the changes in accounting policies are discussed below.

HKFRS 9, *Financial instruments*

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2018. Therefore, comparative information continues to be reported under HKAS 39.

The following table summarises the impact of transition to HKFRS 9 on retained profits and non-controlling interests at 1 April 2018.

	$'000
Retained profits	
Recognition of additional expected credit losses on financial assets measured at amortised cost and decrease in retained profits at 1 April 2018	(1,917)
Non-controlling interests	
Recognition of additional expected credit losses on financial assets measured at amortised cost and decrease in non-controlling interests at 1 April 2018	(286)

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(i) Classification of financial assets and financial liabilities

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The following table shows the original measurement category for available-for-sale equity securities under HKAS 39 and reconciles the carrying amount of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

	HKAS 39 carrying amount at 31 March 2018	Reclassification	HKFRS 9 carrying amount at 1 April 2018
	$'000	*$'000*	*$'000*
Financial assets classified as available-for-sale under HKAS 39 *(note)*	15,651	(15,651)	–
Financial assets measured at FVOCI (non-recycling)			
Equity securities *(note)*	–	15,651	15,651

Note: Under HKAS 39, equity securities not held for trading were classified as available-for-sale financial assets. These equity securities are classified as FVPL under HKFRS 9, unless they are eligible for and designated at FVOCI by the Group. At 1 April 2018, the Group designated its investment in equity securities at FVOCI (non-recycling), as the investment is held for strategic purpose.

The measurement categories for all other financial assets and financial liabilities remain the same.

(ii) Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the expected credit losses ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the financial assets measured at amortised cost (including trade receivables, other receivables, deposits and prepayments, cash held by stakeholders and bank deposits and cash on hand).

The following table reconciles the closing loss allowance determined in accordance with HKAS 39 at 31 March 2018 with the opening loss allowance determined in accordance with HKFRS 9 at 1 April 2018.

	$'000
Loss allowance at 31 March 2018 under HKAS 39	20,974
Additional credit loss recognised at 1 April 2018 on trade receivables	2,203
Loss allowance at 1 April 2018 under HKFRS 9	23,177

(iii) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

– Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in retained profits and non-controlling interests at 1 April 2018. Accordingly, the information presented for the year ended 31 March 2018 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

– The following assessments have been made on the basis of the facts and circumstances that existed at 1 April 2018 (the date of initial application of HKFRS 9 by the Group):

  – the determination of the business model within which a financial asset is held; and

  – the designation of investments in equity instruments not held for trading to be classified as at FVOCI (non-recycling).

– If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for revenue from construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

There is no impact of transition to HKFRS 15 on retained profits at 1 April 2018.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

(i) Timing of revenue recognition

Previously, revenue arising from the provision of services was recognised over time, whereas revenue from the sale of properties and distribution of construction and interior decorative materials was generally recognised at a single point in time when the risks and rewards of ownership had passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

(i) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

(ii) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced; or

(iii) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these three situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have a significant impact on how the Group recognises revenue from provision of services, sale of properties and distribution of construction and interior decorative materials.

(ii) Significant financing component

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance of revenue recognition or significantly deferred.

Previously, the Group only applied such a policy when payments were significantly deferred, which was not common in the Group's arrangements with its customers. The Group did not apply such a policy when payments were received in advance.

It is not common for the Group to receive payments significantly in advance of revenue recognition in the Group's arrangements with its customers, with the exception of when properties are marketed by the Group while the properties are still under construction. In this situation, depending on market conditions, the Group may offer customers a discount compared to the listed sales price, provided the customers agree to pay the balance of the consideration early while construction is still ongoing, rather than on legal assignment.

Where payment schemes include a significant financing component, the transaction price is adjusted to separately account for this component. In the case of payments in advance, such adjustment results in interest expense being accrued by the Group to reflect the effect of the financing benefit obtained by the Group from the customers during the period between the payment date and the completion date of legal assignment. This accrual increases the amount of the contract liability during the period of construction, and therefore increases the amount of revenue recognised when control of the completed property is transferred to the customer. The interest is expensed as accrued unless it is eligible to be capitalised under HKAS 23, *Borrowing costs*.

This change in accounting policy does not have a material impact on opening balances at 1 April 2018.

(iii) Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays non-refundable consideration, or is contractually required to pay non-refundable consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with a customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

To reflect these changes in presentation, the Group has made the following adjustment at 1 April 2018, as a result of the adoption of HKFRS 15:

– "Advances received from customers" amounting to $3,662,000 which were previously included in trade and other payables are now included under contract liabilities; and

– "Deposits received from sale of properties" amounting to $385,051,000 are now included under contract liabilities.

(iv) Disclosure of the estimated impact on the amounts reported in respect of the year ended 31 March 2019 as a result of the adoption of HKFRS 15 on 1 April 2018

The following tables summarise the estimated impact of adoption of HKFRS 15 on the Group's consolidated financial statements for the year ended 31 March 2019, by comparing the amounts reported under HKFRS 15 in these consolidated financial statements with estimates of the hypothetical amounts that would have been recognised under HKAS 18 if the superseded standard had continued to apply to 2019 instead of HKFRS 15. These tables show only those line items impacted by the adoption of HKFRS 15:

	Amounts reported in accordance with HKFRS 15 (A) *$'000*	**Hypothetical amounts under HKAS 18 (B)** *$'000*	**Difference: Estimated impact of adoption of HKFRS 15 (A)-(B)** *$'000*
Line items in the consolidated statement of financial position at 31 March 2019 impacted by the adoption of HKFRS 15:			
Trade and other payables	(72,540)	(74,044)	1,504
Contract liabilities	(5,277)	–	(5,277)
Deposits received from sale of properties	–	(3,773)	3,773
Total current liabilities	**(541,448)**	**(541,448)**	**–**
Line items in the reconciliation of profit before taxation to cash generated from operations for year ended 31 March 2019 impacted by the adoption of HKFRS 15:			
Decrease in trade and other payables	(46,616)	(48,554)	1,938
Decrease in contract liabilities	(383,216)	–	(383,216)
Decrease in deposits received from sale of properties	–	(381,278)	381,278

The significant differences arise as a result of the changes in accounting policies described above.

3. REVENUE AND SEGMENT REPORTING

(a) Revenue

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

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2019	2018
	$'000	*$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Sales of completed properties	**785,833**	250,550
– Distribution of construction and interior decorative materials	**49,886**	144,750
– Asset, investment and fund management income	**22,318**	–
– Property management fee and utility income	**6,264**	3,476
	864,301	398,776
Revenue from other sources		
– Rental income	**16,794**	9,368
	881,095	408,144

Disaggregation of revenue from contracts with customers by timing of revenue recognition and by geographical markets are disclosed in note 3(b).

For the year ended 31 March 2019, the Group's customer base is diversified and no customers (2018: three customers) whose 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.

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existance at the reporting date

At 31 March 2019, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is $61,440,000. This amount represents revenue expected to be recognised in the future from pre-completion sales contracts for properties for sale, distribution of construction and interior decorative materials and provision of services entered into by the customers with the Group. The Group will recognise the expected revenue in the future when (i) the properties are assigned to the customers, (ii) the customers take possession of and accept the products or (iii) the relevant services are provided to the customers, which are expected to occur within the next 12 to 48 months.

The amount discussed above also does not include any amounts of incentive bonuses that the Group may earn in the future by meeting the conditions set out in the Group's contracts with customers for the provision of asset, investment and fund management, unless at the reporting date it is highly probable that the Group will satisfy the conditions for earning those incentive bonuses.

(iii) Total future minimum lease payment receivable by the Group

Total minimum lease payment under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2019	2018
	$'000	*$'000*
Within one year	**9,236**	10,544
After one year but within five years	**24,705**	28,307
After five years	**17,394**	24,261
	51,335	63,112

(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 four (2018: 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").

- Asset, investment and fund management – This segment derives its revenue from investing in and managing a portfolio of real estates in Hong Kong.

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

During the year ended 31 March 2019, as a result of the expansion of the asset, investment and fund management business, the asset, investment and fund management is identified as a separate reportable segment for resources allocation and performance assessment by the Group's most senior executive management. Accordingly, the prior year segment information for comparative purpose is restated.

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 (loss)/income, 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 profit less losses of associates and share of profit less losses of joint ventures.

All assets are allocated to operating segments other than certain other properties, plant and equipment, interests in associates, interests in joint ventures, financial assets measured at fair value through other comprehensive income, available-for-sale equity securities, deferred tax assets, certain other receivables, deposits and prepayments, amounts due from associates 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 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.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2019 and 2018 is set out below.

Segment results

For the year ended 31 March 2019

	Property development	**Property investment**	**Asset, investment and fund management**	**Distribution of construction and interior decorative materials**	**Elimination**	**Total**
	\$'000	*\$'000*	*\$'000*	*\$'000*	*\$'000*	*\$'000*
Disaggregated by timing of revenue recognition						
Point in time	**785,833**	**–**	**–**	**49,886**	**–**	**835,719**
Over time	**–**	**23,058**	**22,318**	**–**	**–**	**45,376**
External revenue	**785,833**	**23,058**	**22,318**	**49,886**	**–**	**881,095**
Inter-segment revenue	**–**	**3,549**	**5,612**	**–**	**(9,161)**	**–**
Total	**785,833**	**26,607**	**27,930**	**49,886**	**(9,161)**	**881,095**

	Property development $'000	Property investment $'000	Asset, investment and fund management $'000	Distribution of construction and interior decorative materials $'000	Elimination $'000	Total $'000
Segment profit/(loss) from operations	**321,877**	**7,641**	**6,913**	**(1,300)**	**–**	**335,131**
Corporate expenses						**(54,228)**
Corporate income						**14,200**
Increase in fair value of investment properties						**5,585**
Finance costs						**(23,563)**
Share of profit less losses of associates						**121,144**
Share of profit less losses of joint ventures						**(27,097)**
Profit before taxation						**371,172**

For the year ended 31 March 2018 (Restated)

	Property development $'000	Property investment $'000	Asset, investment and fund management $'000	Distribution of construction and interior decorative materials $'000	Elimination $'000	Total $'000
Disaggregated by timing of revenue recognition						
Point in time	250,550	–	–	144,750	–	395,300
Over time	–	12,844	–	–	–	12,844
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/(loss) from operations	45,026	264	(7,071)	20,981	–	59,200
Corporate expenses						(48,348)
Corporate income						49,792
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 profit less losses of joint ventures						(91)
Profit before taxation						41,217

Segment assets and liabilities

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

	2019	2018 (Restated)
	$'000	*$'000*
Segment assets		
Property development	**482,353**	954,101
Property investment	**518,535**	531,987
Asset, investment and fund management	**32,633**	188
Distribution of construction and interior decorative materials	**99,622**	153,228
Total segment assets	**1,133,143**	1,639,504
Other properties, plant and equipment	**40,436**	43,575
Interests in associates	**215,861**	218,885
Interests in joint ventures	**201,343**	227,860
Financial assets measured at fair value through other comprehensive income	**1,000**	–
Available-for-sale equity securities	**–**	15,651
Deferred tax assets	**–**	1,002
Other receivables, deposits and prepayments	**932**	94,994
Amounts due from associates	**–**	3,267
Bank deposits and cash on hand	**431,602**	394,518
Total consolidated assets of the Group	**2,024,317**	2,639,256
Segment liabilities		
Property development	**105,543**	640,296
Property investment	**107,764**	117,926
Asset, investment and fund management	**1,195**	1,279
Distribution of construction and interior decorative materials	**24,054**	35,232
Total segment liabilities	**238,556**	794,733
Other payables	**4,674**	5,047
Bank loans	**220,000**	550,000
Loans from non-controlling shareholders	**78,218**	77,559
Deferred tax liabilities	**13,435**	15,111
Total consolidated liabilities of the Group	**554,883**	1,442,450

Other segment information

For the year ended 31 March 2019

	Property development $'000	Property investment $'000	Asset, investment and fund management $'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)	–	297	11	355	663	21	684
Depreciation of other properties, plant and equipment	–	–	(2)	(177)	(179)	(2,902)	(3,081)
Loss on disposal of other properties, plant and equipment	–	–	–	(16)	(16)	(2)	(18)

For the year ended 31 March 2018

	Property development $'000	Property investment $'000	Asset, investment and fund management $'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)

Geographical information

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

	2019	2018
	$'000	*$'000*
Hong Kong	**816,118**	90,633
The PRC	**59,823**	150,842
The U.S.A.	**–**	163,673
Others	**5,154**	2,996
	881,095	408,144

The analysis above includes rental income from external customers in Hong Kong, the PRC and others of $3,182,000 (2018: $1,284,000), $8,458,000 (2018: $5,088,000) and $5,154,000 (2018: $2,996,000) respectively.

The Group's information about its non-current assets (excluding financial assets measured at fair value through other comprehensive income or available-for-sale equity securities and amounts due from associates and joint ventures) by location of the assets or by location of the related operations are detailed below:

	2019	2018
	$'000	*$'000*
Hong Kong	**236,716**	223,867
The PRC	**337,404**	359,992
The U.S.A.	**–**	–
Others	**15,140**	14,768
	589,260	598,627

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

	2019	2018
	$'000	*$'000*
(a) Other revenue		
Interest income on loans to joint ventures	**12,616**	8,376
Income from forfeiture of property sales deposits	**2,914**	1,098
Interest income on bank deposits	**560**	113
Others	**2,596**	5,026
	18,686	14,613
(b) Other net (loss)/income		
Net foreign exchange (loss)/gain	**(22,971)**	41,291
Loss on disposal of other properties, plant and equipment	**(18)**	(818)
Others	**57**	12
	(22,932)	40,485

5. PROFIT BEFORE TAXATION

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

	2019	2018
		(note (iv))
	$'000	*$'000*
(a) Finance costs		
Interest on bank loans	**25,097**	16,444
Interest on loan from a non-controlling shareholder	**256**	199
Less: interest expenses capitalised into properties under development for sale *(note (i))*	**(1,790)**	(3,467)
	23,563	13,176
(b) Other items		
Auditors' remuneration – audit services	**1,701**	1,568
Cost of inventories	**32,188**	102,889
Cost of properties for recognised sales	**418,026**	192,262
Direct cost for management services provided *(note (ii))*	**6,986**	–
Depreciation of other properties, plant and equipment	**3,081**	3,854
Salaries, wages and other benefits	**47,069**	44,262
Contributions to defined contribution retirement plans	**654**	989
Staff costs (including directors' remuneration)	**47,723**	45,251
Operating lease payments in respect of leased properties	**2,778**	3,173
Rental, property management fee and utility income receivable from investment properties less direct outgoings of $6,533,000 (2018: $4,000,000)	**(16,525)**	(8,844)
Impairment loss of:		
– Trade receivables	**10,560**	3,445
– Other receivables, deposits and prepayments *(note (iii))*	**–**	23,460
Reversal of impairment loss	**(654)**	(161)

Notes:

(i) Interest was capitalised at an average annual rate of approximately 3.0% (2018: 3.0%).

(ii) Direct cost for management services provided includes $6,289,000 (2018: $Nil) relating to staff costs which is also included in the respective total amount disclosed separately above.

(iii) 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 could 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 ended 31 March 2018.

(iv) The Group has initially applied HKFRS 9 at 1 April 2018. Under the transition method chosen, comparative information is not restated. See note 2.

6. INCOME TAX

	2019	2018
	$'000	*$'000*
Current tax		
Hong Kong Profits Tax		
– Provision for the year	**45,703**	4,227
– Under-provision in respect of prior year	**8**	19
	45,711	4,246
PRC Enterprise Income Tax ("EIT")		
– Provision for the year	**1,951**	3,440
– Over-provision in respect of prior year	**(149)**	(1,352)
	1,802	2,088
Overseas tax		
– Provision for the year	**–**	1,209
	–	1,209
	47,513	7,543
Deferred tax		
Origination and reversal of temporary differences	**1,018**	(1,002)
	48,531	6,541

The provision for Hong Kong Profits Tax is calculated at 16.5% (2018: 16.5%) of the estimated assessable profits for the year ended 31 March 2019.

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% (2018: 25%) for the year ended 31 March 2019.

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 $329,957,000 (2018: $31,120,000) and 477,447,000 (2018: 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 2019 and 31 March 2018.

8. DIVIDEND

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

	2019	2018
	$'000	*$'000*
Final dividend declared and paid after the end of the reporting period of 6 cents per share (2018: 3 cents per share)	**28,647**	14,323

The Board does not recommend the payment of an interim dividend for the year ended 31 March 2019 (2018: $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

	2019	2018
	$'000	*$'000*
Final dividend in respect of the previous financial year of 3 cents per share (2018: 3 cents per share)	**14,323**	14,323

9. INVESTMENT PROPERTIES

	2019	2018
	$'000	*$'000*
At valuation:		
At the beginning of the year	**529,716**	458,773
Additions	**297**	223
Transfer *(note)*	**–**	19,300
Revaluation surplus	**5,585**	17,300
Exchange adjustments	**(22,753)**	34,120
At the end of the year	**512,845**	529,716

Note: 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.

All investment properties are held in Hong Kong and the PRC under medium-term leases. At 31 March 2019, investment properties of $173,720,000 (2018: $168,300,000) were pledged as securities for bank loans (note 14).

The investment properties in Hong Kong and the PRC were revalued at 31 March 2019 and 2018 by Asset Appraisal Limited and Beijing Colliers International Real Estate Valuation Co., Ltd. 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

	2019	2018
	$'000	*$'000*
Share of net assets	**19,868**	–
Amounts due from associates (non-current portion) *(note (a))*	**198,026**	218,885
Share of net liabilities	**(2,033)**	–
	195,993	218,885
	215,861	218,885
Amounts due from associates (current portion) *(note (b))*	**–**	3,267
Dividend received from an associate	**103,309**	–

Notes:

(a) At 31 March 2019 and 31 March 2018, the amounts due from associates are unsecured, interest-free and have no fixed terms of repayment. All 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.

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

11. INTERESTS IN JOINT VENTURES

	2019	2018
	$'000	*$'000*
Share of net assets	**15,140**	23,444
Amounts due from joint ventures	**210,634**	204,416
Share of net liabilities	**(24,431)**	–
	186,203	204,416
	201,343	227,860
Dividend received from a joint venture	**1,192**	1,981

As 31 March 2019, the amounts due from joint ventures of $190,000,000 (2018: $190,000,000) and $Nil (2018: $6,389,000) 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 $20,634,000 (2018: $8,027,000) 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 RECEIVABLES

	31 March	1 April	31 March
	2019	2018	2018
	$'000	*$'000*	*$'000*
Trade receivables, net of loss allowance *(note)*	**104,012**	113,022	115,225

Note: Upon the adoption of HKFRS 9, an opening adjustment at 1 April 2018 was made to recognise additional ECLs on trade receivables (see note 2).

At 31 March 2019, the ageing analysis of trade receivables based on invoice date, net of loss allowance, is as follows:

	2019	2018
	$'000	*$'000*
1-30 days	**11,151**	14,370
31-60 days	**9,954**	41,555
61-90 days	**3,437**	2,668
Over 90 days	**79,470**	56,632
	104,012	115,225

The Group negotiates with customers on individual basis in accordance with contract terms, i.e. an average credit period of 90 days (2018: 90 days) after the issuance of the invoices, except for sales of properties the proceeds from which are receivable pursuant to the terms of agreements, rental income which are receivable in the month the tenants use the premises and property management fee and utility income and asset, investment and fund management income which is receivable in the month the Group provides the services.

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.

13. TRADE AND OTHER PAYABLES

At 31 March 2019, included in trade and other payables are trade payables of $6,566,000 (2018: $37,734,000) and the ageing analysis of trade payables, based on invoice date, is as follows:

	2019	2018
	$'000	*$'000*
1-30 days	**2,783**	37,652
31-60 days	**–**	1
61-90 days	**–**	76
Over 90 days	**3,783**	5
	6,566	37,734

14. BANK LOANS

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

	2019	2018
	$'000	*$'000*
Current liabilities		
Portion of bank loans due for repayment within one year	**102,119**	197,762
Portion of bank loans due for repayment after one year which contain a repayment on demand clause	**236,340**	448,978
	338,459	646,740
Non-current liabilities		
Bank loans	**–**	183,826

At 31 March 2019, the bank loans are due for repayment as follows:

	2019	2018
	$'000	*$'000*
Portion of bank loans due for repayment within one year	**102,119**	197,762
Bank loans due for repayment after one year *(notes (f) and (g))*:		
After one year but within two years	**75,454**	547,521
After two years but within five years	**126,403**	44,364
After five years	**34,483**	40,919
	236,340	632,804
	338,459	830,566

At 31 March 2019, the secured bank loans and unsecured bank loans are as follows:

	2019	2018
	$'000	*$'000*
Secured bank loans	**323,459**	669,819
Unsecured bank loans	**15,000**	160,747
	338,459	830,566

(a) At 31 March 2019, bank loans drawn in Hong Kong bear interest at the rates range from 1.8% to 3.0% (2018: 1.8% to 3.0%) 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 2019, bank loans drawn in the U.S.A. bear interest at 5% (2018: 5%) per annum.

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

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

	2019	2018
	\$'000	*\$'000*
Investment properties	**173,720**	168,300
Buildings held for own use	**40,350**	41,778
Properties for sale	**69,222**	405,969
Pledged bank deposit	**–**	20,429
	283,292	636,476

Such banking facilities amounted to \$396,052,000 (2018: \$923,438,000) were utilised to the extent of \$323,459,000 at 31 March 2019 (2018: \$693,826,000).

(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 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 2019 and 31 March 2018.

(f) 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.

(g) 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 banks will exercise their discretion to demand repayment for so long as the Group continues to meet the scheduled repayment obligations.

BUSINESS AND FINANCIAL REVIEW

Overview

In 2019, the Group reached new milestones within its property development business, particularly in completing and exiting its property projects and investments within its planned time horizon and mandated objectives – growing and strengthening its track record. The Group completed two landmark industrial redevelopment projects in Hong Kong, namely THE KHORA (hereafter referred to as the "Maple Street Project") and THE AGORA (hereafter referred to as the "Wing Hong Street Project").

Leveraging on the Group's expanding track record for generating solid returns from high-potential real estate investment projects, the Group's asset, investment and fund management business signed up with institutional investors for two private equity funds which deployed capital for the construction of the "Wong Chuk Hang Project" and project planning for the "Jaffe Road Project" during the year under review. The asset, investment and fund management business will continue to enable the Group to tap a broader base of additional development capital and generate recurring fee income throughout the life of various development projects.

In line with its strategy of securing high-potential investments, growing asset values and exiting within a three-to-five year horizon, the Group is actively exploring promising industrial and commercial properties and projects in Hong Kong and overseas that meets its investment mandate and complements its existing portfolio.

During the year under review, the Group's investments portfolio 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 a leading international distributor of construction and interior decorative materials, as well as hospitality operations.

As at 31 March 2019, the Group's total assets amounted to HK$2,024 million (2018: HK$2,639 million), of which HK$1,052 million (2018: HK$1,602 million) were current assets, approximately 1.94 times (2018: 1.29 times) of current liabilities. Equity attributable to the owners of the Company was HK$1,439 million (2018: HK$1,153 million).

Overall Performance

During the year ended 31 March 2019, the Group's consolidated revenue increased considerably to HK$881 million (2018: HK$408 million) after exiting multiple property development projects. Gross profit and gross profit margin grew to HK$417 million (2018: HK$109 million) and rose to 47.4% (2018: 26.7%) respectively.

Profit for the year was HK$323 million (2018: HK$35 million), while profit attributable to equity shareholders of the Company surged to HK$330 million (2018: HK$31 million).

The rise in profit was mostly attributed to revenue booked from the sale of the Maple Street Project in Hong Kong and the profit contributed from the sale of the Wing Hong Street Project by an associate, notwithstanding losses from joint ventures and unfavourable foreign exchange losses from the depreciation of Renminbi and British Pound.

Basic and diluted earnings per share for the year ended 31 March 2019 was HK69.1 cents (2018: HK6.5 cents).

The Board declared a final dividend per share of HK6 cents (2018: HK3 cents).

Material Acquisition and Disposal

There was no material acquisition and disposal during the year under review.

Investment Portfolio

As at 31 March 2019, the Group's bank deposits and cash were HK$436 million (2018: HK$399 million), representing 21.5% (2018: 15.1%) of the Group's total assets.

The following tables show the Group's investments as at 31 March 2019.

Real estate investments

Investment	Location	Type	Group interest	Status as of 31/3/2019	Total gross floor area *(Note)*	Attributable gross floor area
Winston Project	1135 Winston Avenue, San Marino, CA 91108, the U.S.A.	Residential property	100%	Under planning	3,973 square feet	3,973 square feet
265 Naomi Project	265 W Naomi Avenue, Arcadia, CA 91007, the U.S.A.	Residential property	100%	Under construction. Expected to be completed in June 2019	8,064 square feet	8,064 square feet
263 Naomi Project	263 W Naomi Avenue, Arcadia, CA 91007, the U.S.A.	Residential property	100%	Under construction. Expected to be completed in April 2019	8,010 square feet	8,010 square feet
Monterey Park Towne Centre	100,120,150,200 South Garfield and 114 East Garvey and City Parking Lot, Monterey Park, CA 91755, the U.S.A.	Residential and retail property	100%	Under planning	195,362 square feet	195,362 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	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	30,911 square metres
Jaffe Road Project	216,216A,218,220 and 222A Jaffe Road, Wanchai, Hong Kong	Commercial and retail property	3.55%	Under planning	48,997 square feet	1,739 square feet
Wong Chuk Hang Project	23 Wong Chuk Hang Road, Hong Kong	Commercial and retail property	20.8%	Under construction. Expected to be completed in March 2022	107,202 square feet	22,298 square feet

Investment	Location	Type	Group interest	Status as of 31/3/2019	Total gross floor area *(Note)*	Attributable gross floor area
Maple Street Project	124-126, 130, 132 and 134 Bedford Road, Tai Kok Tsui, Kowloon	Industrial property	100%	Completed. Remaining 11 workshops, 2 floors and various car parking spaces being marketed to buyers	8,475 square feet	8,475 square feet
Wing Hong Street Project	55-57 Wing Hong Street and 84-86 King Lam Street, Kowloon	Industrial property	26%	Completed. Remaining 2 units handed over in April 2019	601 square feet	156 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	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 sales)	N/A	N/A

Note: 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/Asset, investment and fund management

During the year under review, the Group completed and handed-over multiple property development projects in Hong Kong and overseas. Highlights included the successful delivery and monetisation of the Group's first two industrial real estate projects in Hong Kong – the Wing Hong Street Project and the Maple Street Project. In the U.S.A., the Group sold and delivered the Le Roy Project, while the construction of the 265 Naomi Project and the 263 Naomi Project are expected to be completed in the second quarter of 2019 and will be marketed to prospective buyers thereafter. The redevelopment of the Monterey Park Towne Centre is progressing well into the planning and design approval phases.

Following the closing of Rykadan Real Estate Prospect Fund LP in April 2018, the Group's asset, investment and fund management business moved forward with planning and site development of the Jaffe Road Project, which will develop jointly with the Group in accordance with its mandate. The Group continues to develop the internal structure and add personnel to the asset, investment and fund management business as part of its strategy to broaden its capital base and tap larger-scale projects.

The Group also continues to provide property development management services for the Wong Chuk Hang Project and the Jaffe Road Project via its wholly-owned subsidiary, Rykadan Project Management Limited. These services are provided with service fees at a fixed percentage of the actual total construction costs.

Following its exit from a number of the projects outlined above, the Group will seek to identify new opportunities and assess its projects on hand with a view of materialising these investments at an appropriate time.

Property investment

The Group also holds several properties as investments in Hong Kong, the PRC and Bhutan.

In Hong Kong, the Group continues to retain two floors of Rykadan Capital Tower and various 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 as of 31 March 2019. As of 31 March 2019, the Group is in process of negotiating a new deal structure with the purchaser in order for the sale to go through due to the difficulties encountered in obtaining approval from the relevant authorities in respect of the proposed transaction as set out in the circular dated 22 September 2017. The Group will issue an announcement and circular at an appropriate time.

In Bhutan, the Group has invested in a 24-suite boutique resort located in Bhutan's Punakha Valley, for which operations and occupancy remain stable.

Distribution of construction and interior decorative materials

The Group is a joint venture partner in Quarella Holdings Limited, a world leader in the production of quartz and marble-based engineered stone composite surfaces products. During the year under review, the Group focused on integrating and improving its production in Europe, as well as on the sale and distribution of its products around the world, particularly in the PRC and countries involved in the Belt and Road Initiative.

Quarella was established over 50 years ago and currently has factories and research and development centres in Italy. Its products are used in a number of prominent hotels, airports, train stations, commercial buildings and shopping malls in markets around the world.

Except for Quarella, the Group is trying to expand the brand portfolio of its construction and interior decorative materials subsidiary, Q-Stone Building Materials Limited ("Q-Stone"), while also exploring potential markets outside of the PRC. As at 31 March 2019, Q-Stone had contracts on hand worth HK$8 million.

Outlook

The Group remains cautiously optimistic about the strength of the commercial and industrial property markets in Hong Kong after earlier government policies aiming at revitalising industrial districts were resumed during the year under review. Recent commercial land tenders have also attracted strong bids from developers, a further indication of the long-term prospects of the Hong Kong property market. However, investor sentiment in Hong Kong may also be influenced by ongoing U.S.A.-PRC trade tensions, including the implementation of tit-for-tat trade tariffs between the two countries.

The Group is also cautiously optimistic about the outlook for its investment portfolio in the U.S.A.. While the potential for further interest rate rises by the Federal Reserve has become more muted, which should support the ongoing positive sentiment in the real estate sector, the ongoing U.S.A.-PRC trade tensions could have an unpredictable impact on the market.

While the Group finalises its exit from certain existing property investments and projects, it will seek to identify and cautiously invest in new high-potential and larger-scale projects, combining capital contributions from the asset, investment and fund management business together with its existing resources. This could include potential projects in the PRC's Greater Bay Area (the "GBA"), especially if increasing connectively between the GBA and Hong Kong results in more investment and demand.

This proactive but cautious strategy will continue to support the Group's future performance while creating further value for shareholders.

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and Financial Resources

The Group adheres to the principle of prudent financial management to minimise financial and operational risks across its various business units in Hong Kong and overseas. In order to implement this principle, the control of the Group's financial, capital management and external financing functions are centralised at its headquarters in Hong Kong.

The Group mainly relies upon internally generated funds and bank borrowings to finance its operations and expansion.

As at 31 March 2019, the Group's total debts (representing total interest-bearing bank borrowings) to total assets ratio fell to 16.7% (31 March 2018: 31.5%). 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 (31 March 2018: 39.5%) as the Group has net cash of HK$93 million as at 31 March 2019 (31 March 2018: net debts of HK$456 million).

As of 31 March 2019, the Group has total bank borrowings of HK$338 million (31 March 2018: HK$831 million). The bank borrowings of the Group were mainly used to finance the retaining of two floors of Rykadan Capital Tower, Hong Kong, the U.S.A. property development projects and investment in Quarella. Of the total bank borrowings, the bank loans of HK$323 million were secured by investment properties, properties for sale and buildings held for own use, of which HK$33 million will be repayable upon the completion of construction of the properties. Further costs for developing the property redevelopment projects and the Quarella business will be financed by unutilised banking facilities or internally generated funds.

As at 31 March 2019, the Group's current assets and current liabilities were HK$1,052 million (31 March 2018: HK$1,602 million) and HK$541 million (31 March 2018: HK$1,244 million) respectively. The Group's current ratio increased to 1.94 (31 March 2018: 1.29). The internally generated funds, together with unutilised banking facilities will 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 to maximise shareholders' value.

Contingent Liabilities and Financial Guarantees

At the end of the reporting period, the Company has issued guarantees to banks in respect of banking facilities granted to certain indirect subsidiaries and a joint venture of HK$393,426,000 (31 March 2018: HK$885,959,000) and HK$20,000,000 (31 March 2018: HK$Nil) respectively. Such banking facilities were utilised by its subsidiaries and the joint venture to the extent of HK$120,674,000 (31 March 2018: HK$308,170,000), including the bank guarantee in favour of a utility service provider to secure the payment obligation of a subsidiary of the joint venture for an amount up to EUR 250,000 (equivalent to HK$2,215,000) (31 March 2018: EUR 370,000 (equivalent to HK$3,597,000)), and HK$20,000,000 (31 March 2018: HK$Nil) respectively.

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.

Exposure to Fluctuations in Exchange Rates and Interest Rates and Corresponding Hedging Arrangement

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 the fluctuation in foreign currencies and interest rates for each business segment and consider appropriate hedging policies in the future when necessary.

Credit Exposure

The Group continues to adopt prudent credit policies to deal with credit exposure. The Group's major customers are institutional organisations and reputable property developers. Therefore, the Group is not exposed to significant credit risk.

The Group's management is closely monitoring and reviewing from time to time the credit policies, the recoverability of trade receivables and the financial position of its customers in order to keep the credit risk exposure of the Group at a very low level.

Employees and Remuneration Policies

As at 31 March 2019, the total number of employees of the Group is 27 (31 March 2018: 31). 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$48 million for the year (2018: HK$45 million).

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 2019 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 HK6 cents per share for the year ended 31 March 2019 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 11 October 2019 to the shareholders of the Company.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The 2019 annual general meeting (the "AGM") of the Company is scheduled to be held on 25 September 2019. For determining the qualification as shareholders to attend and vote at the AGM, the register of members of the Company will be closed from 23 September 2019 to 25 September 2019, 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 20 September 2019.

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 3 October 2019 to 4 October 2019, 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 2 October 2019.

CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR

With effect from 11 July 2019, the Hong Kong branch share registrar of the Company will change its address to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. All telephone and facsimile numbers of the branch share registrar will remain unchanged.

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 two Board meetings held during the year ended 31 March 2019, which were regular meetings held for approving the final results for the year ended 31 March 2018 and the interim results for the period ended 30 September 2018. 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 2019.

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 2019 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 2019 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, 12 June 2019

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