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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 2023

FINANCIAL HIGHLIGHTS

	For the year ended 31 March	
	2023	2022
RESULTS		
Loss for the year (HK\$'000)	(192,222)	(38,985)
	At	At
	31 March	31 March
	2023	2022

FINANCIAL INFORMATION PER SHARE

Net assets per share attributable to equity shareholders of the Company (HK\$) (Total equity attributable to equity shareholders of the Company/number of issued ordinary shares of the Company)

	2.76	3.29
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BANK BALANCES AND CASH

At 31 March 2023, the Group had bank deposits and cash of approximately HK\$167 million (2022: HK\$110 million).

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2023.

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 2023 together with the comparative figures for the year ended 31 March 2022 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2023

	<i>Note</i>	2023 HK\$'000	2022 HK\$'000
Revenue	3	87,695	86,942
Cost of sales and services		<u>(85,142)</u>	<u>(75,809)</u>
Gross profit		2,553	11,133
Other revenue	4	7,565	9,744
Other net loss	5	(2,022)	(911)
Selling and marketing expenses		(4,814)	(1,522)
Administrative and other operating expenses		<u>(30,680)</u>	<u>(24,503)</u>
Loss from operations		(27,398)	(6,059)
Decrease in fair value of investment properties	11	<u>(5,916)</u>	<u>(6,342)</u>
		(33,314)	(12,401)
Finance costs	6	(12,744)	(5,326)
Share of loss of associates		(136,780)	(5,832)
Share of loss of joint ventures		<u>(9,012)</u>	<u>(14,598)</u>
Loss before taxation		(191,850)	(38,157)
Income tax	8	<u>(372)</u>	(828)
Loss for the year		<u>(192,222)</u>	<u>(38,985)</u>
Attributable to:			
– Equity shareholders of the Company		(189,329)	(34,870)
– Non-controlling interests		<u>(2,893)</u>	<u>(4,115)</u>
Loss for the year		<u>(192,222)</u>	<u>(38,985)</u>
Loss per share	9		
Basic and diluted		<u>(50.4) cents</u>	<u>(9.3) cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the year	<u>(192,222)</u>	<u>(38,985)</u>
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	(5,061)	1,766
– Share of translation reserve of joint ventures	<u>(4,900)</u>	<u>1,399</u>
	(9,961)	3,165
Item that will not be reclassified subsequently to profit or loss:		
– Share of remeasurement of defined benefit liability of a joint venture	<u>448</u>	<u>57</u>
Other comprehensive income for the year	<u>(9,513)</u>	<u>3,222</u>
Total comprehensive income for the year	<u><u>(201,735)</u></u>	<u><u>(35,763)</u></u>
Attributable to:		
– Equity shareholders of the Company	(198,044)	(31,970)
– Non-controlling interests	<u>(3,691)</u>	<u>(3,793)</u>
Total comprehensive income for the year	<u><u>(201,735)</u></u>	<u><u>(35,763)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	<i>Note</i>	2023 HK\$'000	2022 HK\$'000
Non-current assets			
Investment properties	<i>11</i>	158,700	362,500
Other properties, plant and equipment		34,808	36,446
Interests in associates	<i>12</i>	213,489	330,911
Interests in joint ventures	<i>13</i>	252,632	266,072
Financial assets measured at fair value through other comprehensive income		<u>—</u>	<u>—</u>
		659,629	995,929
Current assets			
Properties for sale		485,088	399,969
Inventories		2,545	2,521
Trade receivables	<i>14</i>	27,957	21,891
Other receivables, deposits and prepayments		15,387	60,618
Bank deposits and cash on hand		<u>167,485</u>	<u>110,143</u>
		698,462	595,142
Current liabilities			
Trade and other payables	<i>15</i>	13,903	18,865
Contract liabilities		280	7,507
Bank loans	<i>16</i>	216,877	331,592
Current tax liabilities		<u>1,217</u>	<u>1,320</u>
		232,277	359,284
Net current assets		466,185	235,858
Total assets less current liabilities		1,125,814	1,231,787
Non-current liability			
Bank loans	<i>16</i>	<u>95,922</u>	—
NET ASSETS		1,029,892	1,231,787

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
CAPITAL AND RESERVES		
Share capital	3,754	3,754
Reserves	<u>1,032,123</u>	<u>1,230,167</u>
Total equity attributable to equity shareholders of the Company	1,035,877	1,233,921
Non-controlling interests	<u>(5,985)</u>	<u>(2,134)</u>
TOTAL EQUITY	<u><u>1,029,892</u></u>	<u><u>1,231,787</u></u>

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 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 (“HK\$”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. These consolidated financial statements have been prepared on a historical cost basis, except for the investment properties and certain financial assets which are carried at fair value.

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 2022 except for the accounting policy changes that are reflected in the 2023 annual financial statements. Details of the changes in accounting policies are set out below.

CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued number of new amendments to HKFRSs that are first effective for the current accounting period of the Group.

- Amendments to HKAS 3, *Reference to the Conceptual Framework*
- Amendments to HKAS 16, *Property, Plant and Equipment: Proceeds Before Intended Use*
- Amendments to HKAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- Annual Improvements Project, Annual Improvements to HKFRSs 2018-2020
- Accounting Guideline 5 (Revised), *Merger Accounting for Common Control Combinations*

None of these developments has had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standards and amendments to existing standards that are 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, 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:

	2023 HK\$'000	2022 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of completed properties	74,000	63,703
– Distribution of construction and interior decorative materials	–	–
– Asset, investment and fund management income	12,037	17,611
– Property management fee and utility income	128	538
	<u>86,165</u>	<u>81,852</u>
Revenue from other source		
– Rental income	1,530	5,090
	<u>87,695</u>	<u>86,942</u>

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 2023, the Group's customer base is diversified and includes only one customer (2022: one customer) whose transaction has exceeded 10% of the Group's revenue.

For the year ended 31 March 2023, revenue from sales of completed properties to the customer in Hong Kong was HK\$74,000,000.

For the year ended 31 March 2022, revenue from sales of completed properties to the customer in the United States of America (the "U.S.A.") was approximately HK\$63,703,000.

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

At 31 March 2023, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately HK\$4,187,000 (2022: HK\$78,101,000). This amount represents revenue expected to be recognised in the future from pre-completion contracts entered into by the customers with the Group for provision of services (2022: properties for sale and provision of services). The Group will recognise the expected revenue in the future when the relevant services are provided or the properties are assigned to the customers, which are expected to occur within 1 year.

The amount discussed above 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:

	2023	2022
	HK\$'000	HK\$'000
Within one year	336	877
After one year but within five years	<u>–</u>	<u>314</u>
	<u>336</u>	<u>1,191</u>

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines (products and services). To be consistent with the way how 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 (2022: four) 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 properties with a focus on development projects in prime locations in Hong Kong 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.
- 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.

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

Segment profit/(loss) represents profit earned by/(loss from) each segment, excluding income and expenses of the corporate function, such as certain other revenue, certain other net loss, certain administrative and other operating expenses, decrease in fair value of investment properties, finance costs, share of loss of associates and share of loss 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, certain other receivables, deposits and prepayments and 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 and certain bank loans that are not managed directly by segments.

In addition, management is provided with segment results and information concerning inter-segment sales, additions of/transfer to other properties, plant and equipment/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 2023 and 2022 is set out below.

Segment results

For the year ended 31 March 2023

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Asset, investment and fund management <i>HK\$'000</i>	Distribution of construction and interior decorative materials <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Disaggregated by timing of revenue recognition						
Point in time	74,000	–	–	–	–	74,000
Over time	–	128	12,037	–	–	12,165
Revenue from other source	–	1,530	–	–	–	1,530
External revenue	74,000	1,658	12,037	–	–	87,695
Inter-segment revenue	–	3,549	–	–	(3,549)	–
Total	74,000	5,207	12,037	–	(3,549)	87,695
Segment profit/(loss) from operations	2,923	(1,866)	(10,233)	2,924	–	(6,252)
Corporate expenses						(26,495)
Corporate income						5,349
Decrease in fair value of investment properties						(5,916)
Finance costs						(12,744)
Share of loss of associates						(136,780)
Share of loss of joint ventures						(9,012)
Loss before taxation						(191,850)

For the year ended 31 March 2022

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Asset, investment and fund management <i>HK\$'000</i>	Distribution of construction and interior decorative materials <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Disaggregated by timing of revenue recognition						
Point in time	63,703	–	–	–	–	63,703
Over time	–	538	17,611	–	–	18,149
Revenue from other source	<u>–</u>	<u>5,090</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>5,090</u>
External revenue	63,703	5,628	17,611	–	–	86,942
Inter-segment revenue	<u>–</u>	<u>3,549</u>	<u>–</u>	<u>–</u>	<u>(3,549)</u>	<u>–</u>
Total	<u><u>63,703</u></u>	<u><u>9,177</u></u>	<u><u>17,611</u></u>	<u><u>–</u></u>	<u><u>(3,549)</u></u>	<u><u>86,942</u></u>
Segment profit/(loss) from operations	3,818	1,169	(2,100)	996	–	3,883
Corporate expenses						(18,328)
Corporate income						8,386
Decrease in fair value of investment properties						(6,342)
Finance costs						(5,326)
Share of loss of associates						(5,832)
Share of loss of joint ventures						<u>(14,598)</u>
Loss before taxation						<u><u>(38,157)</u></u>

Segment assets and liabilities

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Segment assets		
Property development	485,222	407,872
Property investment	159,126	363,326
Asset, investment and fund management	27,359	20,843
Distribution of construction and interior decorative materials	7,514	9,922
	<hr/>	<hr/>
Total segment assets	679,221	801,963
Other properties, plant and equipment	34,744	36,292
Interests in associates	213,489	330,911
Interests in joint ventures	252,632	266,072
Financial assets measured at fair value through other comprehensive income	–	–
Other receivables, deposits and prepayments	10,520	45,690
Bank deposits and cash on hand	167,485	110,143
	<hr/>	<hr/>
Total consolidated assets of the Group	1,358,091	1,591,071
	<hr/> <hr/>	<hr/> <hr/>
Segment liabilities		
Property development	98,743	65,064
Property investment	44,728	52,147
Asset, investment and fund management	1,321	821
Distribution of construction and interior decorative materials	3,627	4,246
	<hr/>	<hr/>
Total segment liabilities	148,419	122,278
Other payables	7,280	9,006
Bank loans	172,500	228,000
	<hr/>	<hr/>
Total consolidated liabilities of the Group	328,199	359,284
	<hr/> <hr/>	<hr/> <hr/>

Other segment information

For the year ended 31 March 2023

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Asset, investment and fund management <i>HK\$'000</i>	Distribution of construction and interior decorative materials <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment results or segment assets:							
Additions of/transfer to other properties, plant and equipment/investment properties at fair value	-	200	15	-	215	17	232
Depreciation of other properties, plant and equipment	-	-	(36)	(59)	(95)	(1,546)	(1,641)
Loss on disposal of other properties, plant and equipment	-	-	-	(4)	(4)	(20)	(24)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>(4)</u>	<u>(20)</u>	<u>(24)</u>

For the year ended 31 March 2022

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Asset, investment and fund management <i>HK\$'000</i>	Distribution of construction and interior decorative materials <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment results or segment assets:							
Additions of/transfer to other properties, plant and equipment/investment properties at fair value	-	212,300	-	-	212,300	74	212,374
Depreciation of other properties, plant and equipment	-	-	(36)	(89)	(125)	(1,551)	(1,676)
Loss on disposal of other properties, plant and equipment	-	-	-	(61)	(61)	-	(61)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(61)</u>	<u>(61)</u>	<u>-</u>	<u>(61)</u>

Geographical segment information

The Group's revenue from external customers attributed to the geographical areas based on the location at which the services were provided or the goods were delivered is as follows:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	87,695	23,239
The People's Republic of China (the "PRC")	–	–
The U.S.A.	–	63,703
	<hr/>	<hr/>
	<u>87,695</u>	<u>86,942</u>

The analysis above includes rental income from external customers in Hong Kong of HK\$1,530,000 (2022: HK\$5,090,000).

The Group's information about its non-current assets (excluding financial assets measured at fair value through other comprehensive income) by location of the assets or by location of the related operations are detailed below:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	637,783	973,979
The PRC	35	43
The U.S.A.	9,512	9,509
Others	12,299	12,398
	<hr/>	<hr/>
	<u>659,629</u>	<u>995,929</u>

4. OTHER REVENUE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest income on loan to a joint venture	518	515
Interest income on loan to an associate	32	–
Interest income on bank deposits	1,072	68
Income from loans and other receivables	2,742	7,385
Income from forfeiture of property sales deposits	1,751	–
Others	1,450	1,776
	<u>7,565</u>	<u>9,744</u>

5. OTHER NET LOSS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Net foreign exchange loss	(3,608)	(850)
Loss on disposal of other properties, plant and equipment	(24)	(61)
Loss on disposal of interest in subsidiaries (<i>Note 17</i>)	(102)	–
Government grants (<i>Note</i>)	564	–
Others	1,148	–
	<u>(2,022)</u>	<u>(911)</u>

Note: For the year ended 31 March 2023, subsidies from Employment Support Scheme of HK\$564,000 were granted from the Hong Kong SAR Government related to the employment in Hong Kong. There are no unfulfilled conditions or other contingencies attaching to these grants.

6. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on bank loans	12,985	5,418
Less: interest expenses capitalised into properties under development for sale (<i>Note</i>)	(241)	(92)
	<u>12,744</u>	<u>5,326</u>

Note: Interest was capitalised at an average annual rate of approximately 4.0% (2022: 5.0%).

7. EXPENSES BY NATURE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Auditor's remuneration – audit services	1,338	1,250
Cost of properties for recognised sales	62,353	53,627
Direct cost for management services provided (<i>Note</i>)	18,096	16,307
Depreciation of other properties, plant and equipment	1,641	1,676
Employee benefit expenses	32,809	28,685
Operating lease payments in respect of leased properties	184	202
Direct outgoings of rental, property management fee and utilities	251	886
Reversal of impairment losses of:		
– Trade receivables	(4,457)	(7,142)
– Other receivables, deposits and prepayments	(419)	–
Impairment losses of:		
– Trade receivables	144	3,507
– Other receivables, deposits and prepayments	–	732
Write-down on:		
– Properties for sale	4,442	4,989
– Inventories	–	2,084
	<u> </u>	<u> </u>

Note: Direct cost for management services provided includes HK\$15,401,000 (2022: HK\$16,307,000) relating to staff costs which are also included in the respective total amount disclosed separately above.

8. INCOME TAX

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax		
Hong Kong Profits Tax		
– Provision for the year	–	7
– (Over)/under-provision in respect of prior year	(8)	48
	<u> </u>	<u> </u>
	(8)	55
Overseas tax		
– Provision for the year	338	721
– Under-provision in respect of prior year	42	52
	<u> </u>	<u> </u>
	380	773
	<u> </u>	<u> </u>
	372	828
	<u> </u>	<u> </u>

No provision for Hong Kong Profits Tax has been made in these consolidated financial statements as the Group did not have any assessable profits for the year ended 31 March 2023.

The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 March 2022.

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

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of HK\$189,329,000 (2022: HK\$34,870,000) and 375,447,000 (2022: 375,447,000) ordinary shares in issue during the year.

(b) Diluted loss per share

Diluted loss per share is of the same amount as the basic loss per share as there are no potential dilutive ordinary shares in existence during the years ended 31 March 2023 and 31 March 2022.

10. DIVIDEND

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Final dividend declared and paid after the end of the reporting period of HK\$Nil per share (2022: HK\$Nil per share)	<u> – </u>	<u> – </u>

The Board does not recommend the payment of an interim dividend for the year ended 31 March 2023 (2022: HK\$Nil per share).

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Final dividend in respect of the previous financial year of HK\$Nil per share (2022: HK3 cents per share)	<u> – </u>	<u> 11,263 </u>

11. INVESTMENT PROPERTIES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At valuation:		
At the beginning of the year	362,500	158,240
Additions from acquisition of assets through acquisition of subsidiaries	–	210,000
Disposal of interest in subsidiaries (<i>Note 17</i>)	(198,000)	–
Transfer (<i>Note</i>)	116	602
Decrease in fair value of investment properties	(5,916)	(6,342)
	<u>158,700</u>	<u>362,500</u>
At the end of the year	<u>158,700</u>	<u>362,500</u>

Note: During the year ended 31 March 2023, completed properties held for sale at cost of approximately HK\$116,000 (2022: HK\$602,000) 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 HK\$200,000 (2022: HK\$2,300,000) and revaluation surplus of approximately HK\$84,000 (2022: HK\$1,698,000) have been dealt with in the consolidated income statement.

At 31 March 2023, investment properties of HK\$156,400,000 (2022: HK\$360,200,000) were pledged as securities for bank loans (*Note 16*).

The investment properties in Hong Kong were revalued at 31 March 2023 by Asset Appraisal Limited (2022: Asset Appraisal Limited and Colliers International (Hong Kong) Limited), independent firms of surveyors who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the locations and categories of the properties being valued.

12. INTERESTS IN ASSOCIATES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Share of net assets	15,576	38,640
Amounts due from associates (<i>Note (b)</i>)	323,461	300,697
Share of net liabilities	(125,548)	(8,426)
	<u>197,913</u>	<u>292,271</u>
	<u>213,489</u>	<u>330,911</u>

Notes:

- (a) Upon completion of the disposal of 80% equity interest in Vibrant Colour Holdings Limited (“Vibrant Colour”) and its subsidiaries (collectively the “Vibrant Colour Group”) on 17 January 2023 (as detailed in Note 17), the Group is able to exercise significant influence over Vibrant Colour because it has the power to appoint one out of three directors of Vibrant Colour pursuant to the shareholders’ deed, as such the retained 20% equity interest in the Vibrant Colour Group is accounted for as interests in associates in the consolidated financial statements using the equity method.

(b) At 31 March 2023 and 31 March 2022, the amounts due from associates are interest-free, unsecured and have no fixed terms of repayment.

13. INTERESTS IN JOINT VENTURES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Share of net assets	12,337	12,431
Amounts due from joint ventures	292,566	292,542
Share of net liabilities	(52,271)	(38,901)
	<u>240,295</u>	<u>253,641</u>
	<u>252,632</u>	<u>266,072</u>

At 31 March 2023 and 31 March 2022, the amount due from a joint venture of US\$1,200,000 (equivalent to HK\$9,450,000) (2022: US\$1,200,000 (equivalent to HK\$9,426,000)) is interest bearing at 5.5% per annum, unsecured and has no fixed terms of repayment while the remaining balance of HK\$283,116,000 (2022: HK\$283,116,000) is interest-free, unsecured and has no fixed terms of repayment.

14. TRADE RECEIVABLES

At 31 March 2023, the ageing analysis of trade receivables based on invoice date, net of loss allowance, is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
1-30 days	74	2,814
31-60 days	–	1,230
61-90 days	–	387
Over 90 days	27,883	17,460
	<u>27,957</u>	<u>21,891</u>

The Group negotiates with customers on individual basis in accordance with contract terms, i.e. an average credit period of 90 days (2022: 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 are receivable in the month the Group provides the services.

15. TRADE AND OTHER PAYABLES

At 31 March 2023, included in trade and other payables are trade payables of HK\$882,000 (2022: HK\$919,000) and the ageing analysis of trade payables, based on invoice date, is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
1-30 days	847	881
31-60 days	–	–
61-90 days	–	–
Over 90 days	35	38
	<u>882</u>	<u>919</u>

16. BANK LOANS

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current liabilities		
Portion of bank loans due for repayment within one year	60,108	58,030
Portion of bank loans due for repayment after one year which contain a repayment on demand clause	156,769	273,562
	<u>216,877</u>	<u>331,592</u>
Non-current liability		
Bank loans	95,922	–

At 31 March 2023, the bank loans are due for repayment as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Portion of bank loans due for repayment within one year	60,108	58,030
Bank loans due for repayment after one year (<i>Notes (f) and (g)</i>):		
After one year but within two years	142,141	13,030
After two years but within five years	104,210	246,854
After five years	6,340	13,678
	<u>252,691</u>	<u>273,562</u>
	<u>312,799</u>	<u>331,592</u>

At 31 March 2023, the secured bank loans and unsecured bank loan are as follows:

	2023 HK\$'000	2022 <i>HK\$'000</i>
Secured bank loans	192,799	211,592
Unsecured bank loan	120,000	120,000
	312,799	331,592

Notes:

- (a) At 31 March 2023, bank loans drawn in Hong Kong bear interest at the rates ranging from 1.7% to 2.3% (2022: 1.2% to 2.3%) per annum over Hong Kong Interbank Offered Rate. The interests are repriced every month (2022: every one to three months).
- (b) At 31 March 2023, bank loan drawn in Macau bears interest at 1.25% (2022: 1.25%) per annum below the prime rate determined by the lending bank.
- (c) At 31 March 2023, bank loans drawn in the U.S.A. bear interest at the rates ranging from 3.8% to 4.0% per annum.
- (d) At 31 March, certain of the banking facilities of the Group were secured by mortgages over:

	2023 HK\$'000	2022 <i>HK\$'000</i>
Investment properties	156,400	360,200
Buildings	34,640	36,067
Properties for sale	192,436	126,722
	383,476	522,989

Such banking facilities amounted to HK\$279,097,000 (2022: HK\$285,868,000) were utilised to the extent of HK\$192,799,000 at 31 March 2023 (2022: HK\$211,592,000).

- (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 utilised facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants.

None of the covenants relating to the utilised facilities had been breached for the years ended 31 March 2023 and 31 March 2022.

- (f) The amounts due are based on the scheduled repayment dates set out in bank loan agreements and ignore the effect of any repayment on demand clause.
- (g) Certain of the Group's bank loan agreements contain clauses which give the lenders the right at their 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 immediate repayment so long as the Group continues to meet the scheduled repayment obligations.

17. DISPOSAL OF INTEREST IN SUBSIDIARIES

On 17 January 2023, the Group disposed of 80% equity interest in the Vibrant Colour Group and the sale loan, representing 80% of the amount of shareholder's loan owing by Vibrant Colour to Worth Celestial Limited, a wholly-owned subsidiary of the Company to Harbour Best Investments Limited, a company jointly owned by a director of the Company and his spouse. The Vibrant Colour Group owns a residential property in Shouson Hill, Hong Kong. Upon the disposal completion, the Group retains 20% equity interest in the Vibrant Colour Group which is accounted for as interests in associates (Note 12).

The net liabilities of the Vibrant Colour Group as at the date of the disposal were as follow:

	<i>HK\$'000</i>
Investment property	198,000
Other receivables, deposits and prepayments	1,401
Bank deposits and cash on hand	2,683
Other payables and accrual	(3,004)
Amount due to immediate holding company	(155,000)
Bank loan	(61,110)
	<hr/>
Net liabilities disposed of	(17,030)
	<hr/> <hr/>
	<i>HK\$'000</i>
Fair value of consideration	110,376

Fair value of 20% amount due from Vibrant Colour	31,000
20% of net liabilities of the Vibrant Colour Group	(3,406)
	<hr/>
Fair value of the retained 20% equity interest by the Group	27,594

Less: amount due to immediate holding company	(155,000)
Net liabilities disposed of	17,030
Costs directly attributable to the disposal	(102)
	<hr/>
Loss on disposal of interest in subsidiaries	(102)
	<hr/> <hr/>
	<i>HK\$'000</i>
Total consideration received	110,376
Bank deposits and cash disposed of	(2,683)
Costs directly attributable to the disposal paid	(102)
	<hr/>
Net cash inflow on the disposal	107,591
	<hr/> <hr/>

BUSINESS AND FINANCIAL REVIEW

Overview

During the year, the Group continued to navigate macro headwinds and various business challenges, including rising interest rates, inflation and weaker consumer confidence and investor sentiment. Nevertheless, it seized post-pandemic opportunities following Hong Kong and Mainland China border reopening and the relaxation of travel restrictions while completing and monetising several property redevelopment projects.

The Group's long-term investment strategies which are acquiring and adding promising property redevelopment projects to its portfolio, efficiently growing their asset value and monetising them within a three-to-five-year horizon remain crucial to generating sustainable returns for its shareholders.

In Hong Kong, the launches of the Group's two real estate redevelopment projects – the Wong Chuk Hang Project and the Jaffe Road Project, both located in well-connected business districts on Hong Kong Island, have progressed as planned. Despite soft market conditions, the pre-sale of the Jaffe Road Project has attracted strong buying interest, resulting in the pre-sale of over 76% of the available units as of 31 March 2023. Meanwhile, the Wong Chuk Hang Project, which won three international design awards, was completed on schedule and is currently being marketed.

Elsewhere, the Group's diversified property redevelopment projects in the United States of America (the "U.S.A.") and the Graphite Project in the United Kingdom (the "U.K.") in which the Group has a minority stake, have also progressed as planned.

The Group has continued to enhance its recurring revenue by prudently building and managing its asset, investment and fund management business. It currently manages two private, closed-end funds. By leveraging its asset, investment and fund management business, the Group plans to tap a broader base of capital while generating steady recurring income. The Group stays cautious in deploying its capital, searching for promising real estate investment opportunities in Hong Kong and overseas.

For the year ended 31 March 2023, the Group's investments included commercial and residential property redevelopments in Hong Kong, the U.S.A. and the U.K. It also invested in a leading international producer and distributor of construction and interior decorative materials and hospitality operations.

As of 31 March 2023, the Group's total assets were valued at HK\$1,358 million (2022: HK\$1,591 million), of which HK\$698 million (2022: HK\$595 million) were current assets, approximately 3.01 times (2022: 1.66 times) of current liabilities. Equity attributable to equity shareholders of the Company was HK\$1,036 million (2022: HK\$1,234 million).

Overall Performance

During the year ended 31 March 2023, the Group's consolidated revenue amounted to HK\$88 million (2022: HK\$87 million). The consolidated revenue was mainly attributable to the recurring income generated from the Group's asset, investment and fund management business and the monetisation of property redevelopment project in Hong Kong. Its gross profit and gross profit margin were HK\$3 million (2022: HK\$11 million) and 2.9% (2022: 12.8%) respectively.

The Group recorded a loss of HK\$192 million during the year (2022: HK\$39 million), while the loss attributable to equity shareholders of the Company was HK\$189 million (2022: HK\$35 million). The loss was mainly attributable to the absorption of a substantial loss recognised by an associate (which is principally engaged in property development business) due to the weak commercial property market sentiment and keen competition in Hong Kong, the absorption of losses incurred by joint ventures during the year resulting from the continuous adverse impact of the outbreak of COVID-19 pandemic and the increase in finance costs due to increase in interest rates.

Basic and diluted loss per share for the year ended 31 March 2023 was HK50.4 cents (2022: HK9.3 cents).

The Board does not recommend the payment of a final dividend for the year ended 31 March 2023 (2022: HK\$Nil per share).

Material Acquisition and Disposal

In September 2022, Worth Celestial Limited ("Worth Celestial") (a wholly-owned subsidiary of the Company) entered into a conditional sale and purchase agreement with Harbour Best Investments Limited ("Harbour Best") (a company jointly owned by a director of the Company and his spouse), in relation to the conditional disposal of 80% of the entire issued share capital of Vibrant Colour Holdings Limited ("Vibrant Colour") which was a wholly-owned subsidiary of Worth Celestial and indirectly owns a residential property in Shouson Hill, Hong Kong, and 80% of the amount of shareholder's loans owing by Vibrant Colour to Worth Celestial. Upon the disposal completion which took place in January 2023, the retained 20% equity interest of Vibrant Colour held by the Group is accounted for as interests in associates. (For details, please refer to notes 12 and 17 to the annual results announcement).

Investment Portfolio

As at 31 March 2023, the Group's bank deposits and cash was HK\$167 million (2022: HK\$110 million), representing 12.3% (2022: 6.9%) of the Group's total assets.

The following table shows the Group's investments as at 31 March 2023.

Real estate investments

Investment	Location	Type	Group's interest	Status as of 31/3/2023	Area	Attributable area
Winston Project	1135 Winston Avenue, San Marino, CA 91108, the U.S.A.	Residential property	100%	Completed and being marketed to buyers	4,021 square feet (gross floor)	4,021 square feet (gross floor)
Monterey Park Towne Centre Project	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	237,644 square feet (gross floor)	237,644 square feet (gross floor)
Anoakia Project	701 Anoakia Lane, Arcadia, CA 91006, the U.S.A.	Residential property	100%	Under construction. Expected to be completed in September 2023	11,335 square feet (gross floor)	11,335 square feet (gross floor)
Virginia Project	1470 Virginia Road, San Marino, CA 91108, the U.S.A.	Residential property	100%	Completed and being marketed to buyers	7,877 square feet (gross floor)	7,877 square feet (gross floor)
Broadway Project	216 – 220 East Broadway, San Gabriel, CA 91776, the U.S.A.	Residential property	50%	Under planning	16,740 square feet (gross floor)	8,370 square feet (gross floor)
Graphite Project	Graphite Square, Vauxhall, London SE11, the U.K.	Residential and commercial property	21.25%	Under construction. Expected to be completed in March 2025	27,523 square metres (gross floor)	5,849 square metres (gross floor)

Investment	Location	Type	Group's interest	Status as of 31/3/2023	Area	Attributable area
Jaffe Road Project	216, 216A, 218, 220 and 222A Jaffe Road, Wanchai, Hong Kong	Commercial and retail property	3.55%	Completed and being marketed to buyers	12,172 square feet (saleable)	432 square feet (saleable)
Wong Chuk Hang Project	23 Wong Chuk Hang Road, Hong Kong	Commercial and retail property	24.21%	Completed and being marketed to buyers	107,208 square feet (gross floor)	25,955 square feet (gross floor)
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 (gross floor)	13,467 square feet (gross floor)
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
Shouson Hill Project (Note 2)	House 11 (including two car parking spaces), No. 1 Shouson Hill Road East, Shouson Hill, Hong Kong	Residential property	20%	Investment properties	2,657 square feet (saleable)	531 square feet (saleable)

Notes:

1. The above gross floor area is calculated based on the Group's development plans, which may be subject to change.
2. In September 2022, a conditional sale and purchase agreement was entered into between Worth Celestial and Harbour Best, in relation to the conditional disposal of 80% of the entire issued share capital of Vibrant Colour which is a wholly-owned subsidiary of Worth Celestial and indirectly owns the Shouson Hill property, and 80% of the shareholder's loans owing by Vibrant Colour to Worth Celestial. The disposal transaction was completed in January 2023 and the retained 20% equity interest of Vibrant Colour held by the Group is accounted for as interests in associates accordingly.

Other investments

Investment	Business/type	Group's interest
Q-Stone Building Materials Limited	Distribution of construction and interior decorative materials	87%
Quarella Holdings Limited	A joint venture, producer of quartz and marble-based engineered stone composite surfaces products	43.5%
RS Hospitality Private Limited (“RS Hospitality”)	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 continued to progress its overseas development projects in the U.S.A. The Group is assessing potential divestment opportunities for the Broadway Project – an approved multi-family project. At the same time, the completed Winston Project and Virginia Project are currently being marketed to buyers, while Anoakia Project’s construction is scheduled to be completed by the third quarter of 2023. These properties are located in California, the U.S.A..

The Group’s Monterey Park Towne Centre Project remains in the planning phase. Given the current market conditions, the Group is exploring to incorporate potential affordable housing elements and other newer requirements, which could further enhance the project return. The Group anticipated construction to commence once obtaining approvals.

In the U.K., the Group’s minority stake in the Graphite Project has received robust interest from offshore buyers within Asia. Prior to its official launch in the U.K. and offshore, a significant portion of the available units had already been sold. The Graphite Project is expected to be completed by the end of the first quarter of 2025.

In Hong Kong, the Group completely exited the remaining units and various car parking spaces of the Maple Street Project during the year under review.

In Hong Kong, the Jaffe Road Project and Wong Chuk Hang Project were both completed, and their pre-sale commenced during the year under review. Despite softer market conditions, over 76% of the available units of the Jaffe Road Project were pre-sold and majority of the transacted units were handed over as of 31 March 2023. The Wong Chuk Hang Project has won industry acclaim for its vision of the future workspace – winning the internationally recognised Muse Design Award, APR Gold Award and Rethinking The Future Awards. This project will continue to be marketed to potential buyers in 2023.

The Group strives to leverage its property redevelopment track record to build its asset, investment and fund management business and to enhance shareholders' returns by furthering its fund management business and broadening its capital base. Its project management services business, on the other hand, highlighted the Group's resilience and operational agility, riding out the challenges posed by the pandemic, lockdowns and disruptions to deliver steady results.

In addition to the projects outlined above, the Group continues to identify new opportunities to build a better diversified and optimised asset portfolio under a higher interest rate environment and evaluates its projects on hand to monetise these investments at an appropriate time.

Property investment

The Group holds several properties as investments in Hong Kong and Bhutan.

In Hong Kong, the Group retains two floors and various car parking spaces of Rykadan Capital Tower and a minority stake of the Shouson Hill property for its own use and/or for earning stable rental income or potential capital appreciation.

In Bhutan, the Group invests in a 24-suite boutique resort located in Bhutan's Punakha Valley, operated by RS Hospitality.

Distribution of construction and interior decorative materials

Quarella, controlled by Quarella Holdings Limited, a joint venture of the Group, is a world leader in the design and manufacturing of quartz and marble-based engineered stone composite surfaces products. Established for over 50 years, with advanced 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.

During the year under review, the pace of recovery remains sluggish due to macro-uncertainties and ongoing disruptions in several export markets. Despite these challenges, Quarella is proactively repositioning itself. It is developing a new line of mid-range products targeting rising middle-class consumers across the growing Southeast Asia region and other developed markets.

Outlook

Despite the market turbulences resulted from higher interest rates, tight credit conditions, regional banking turmoil and concerns over high debt continue to weigh on the property market, the Group is cautiously optimistic and anticipates potential opportunities to arise towards the second half of 2023.

The rebound in tourist arrivals and shift toward sustainable tourism is expected to support the Group's hospitality business. At the same time, the Group will continue to build on its previous property investment track record while exploring potential investment opportunities stemming from the opening of borders.

After successfully completing and divesting a few redevelopment projects in Hong Kong and the U.S.A., the Group's investment teams will continue to prudently and diligently assess high-potential projects in key cities and across different asset classes. By collaborating with its global partners, the Group will build a solid foundation to capture future investment opportunities in Hong Kong and overseas.

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 of 31 March 2023, the Group's total debts (representing total interest-bearing bank borrowings) to total assets ratio was 23.0% (2022: 20.8%). 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 14.0% (2022: 17.9%) as the Group has net debts of HK\$145 million as at 31 March 2023 (2022: HK\$221 million).

As of 31 March 2023, the total bank borrowings of the Group amounted to HK\$313 million (2022: HK\$332 million). The bank borrowings of the Group were mainly used to finance the retaining of two floors of Rykadan Capital Tower, the property development projects, its investment in Quarella and the Shouson Hill Project. Certain of the bank borrowings were secured by investment properties, properties for sale and buildings. Further costs for developing the property redevelopment projects and the Quarella business will be financed by unutilised banking facilities or internally generated funds.

As of 31 March 2023, the Group's current assets and current liabilities were HK\$698 million (2022: HK\$595 million) and HK\$232 million (2022: HK\$359 million) respectively. The Group's current ratio increased to 3.01 (2022: 1.66). 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 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 an associate of HK\$217,219,000 (2022: HK\$278,275,000) and HK\$12,600,000 (2022: HK\$20,000,000) respectively. Such banking facilities were utilised by the subsidiaries and the associate to the extent of HK\$140,300,000 (2022: HK\$166,592,000) and HK\$12,096,000 (2022: 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 United States Dollar, British Pound, Canadian Dollar 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 Group's management will monitor the foreign currencies and interest rates exposures of 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. For loans and other receivables, the Group performs credit assessments before approving loans to applicants and regularly reviews the recoverability of each individual receivable.

Given the sporadic restrictions and credit conditions in Mainland China, 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 minimise the credit risk exposure of the Group.

Employees and Remuneration Policies

As at 31 March 2023, the total number of employees of the Group is 26 (2022: 27). The Group is committed to the concept of fair and responsible remuneration for its executive members and prescribed officers in line with the Company's and individual performance, market trends and in the context of overall employee remuneration. Total remuneration for employees (including the directors' remuneration) was HK\$33 million for the year (2022: HK\$29 million).

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

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 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers 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 PricewaterhouseCoopers on this preliminary announcement.

PROPOSED FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2023.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The 2023 annual general meeting (the "AGM") of the Company is scheduled to be held on 20 September 2023. For determining the qualification as shareholders to attend and vote at the AGM, the register of members of the Company will be closed from 15 September 2023 to 20 September 2023, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 14 September 2023.

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 2023, which were regular meetings held for (i) approving the final results for the year ended 31 March 2022, and (ii) approving the interim results for the period ended 30 September 2022. The Company has not held another regular Board meeting 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 2023.

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 2023 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 2023 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, 28 June 2023

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) and Mr. LO Hoi Wah Heywood (Chief Financial 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.