RYKADAN CAPITAL LIMITED
宏基資本有限公司

(Incorporated in the Cayman Islands with limited liability)

（Stock code : 2288）

Annual Report
2023

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

CHAN William *(Chairman and Chief Executive Officer)*
YIP Chun Kwok *(Chief Operating Officer)*
LO Hoi Wah, Heywood *(Chief Financial Officer)*

Non-executive Director

NG Tak Kwan

Independent Non-executive Directors

HO Kwok Wah, George
TO King Yan, Adam
WONG Hoi Ki

AUDIT COMMITTEE

HO Kwok Wah, George *(Chairman)*
TO King Yan, Adam
WONG Hoi Ki

REMUNERATION COMMITTEE

HO Kwok Wah, George *(Chairman)*
TO King Yan, Adam
WONG Hoi Ki

NOMINATION COMMITTEE

CHAN William *(Chairman)*
HO Kwok Wah, George
WONG Hoi Ki

COMPANY SECRETARY

LUI Man Kit

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISORS

Woo, Kwan, Lee & Lo
北京德恒(福州)律師事務所

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
The Macau Chinese Bank Limited

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 2701 & 2801, Rykadan Capital Tower
135 Hoi Bun Road, Kwun Tong, Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court
Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

2288

COMPANY'S WEBSITE

www.rykadan.com

INVESTOR RELATIONS CONTACT

Think Alliance Group
Room 1102, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

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CHAIRMAN'S STATEMENT

William Chan,
Chairman and Chief Executive Officer

Dear shareholders,

Macroeconomic challenges, rising interest rates and inflationary concerns continue to dampen investment sentiment, resulting in a sluggish and uneven recovery. The severe market conditions continued for much of the past year, making risk mitigation one of the priorities alongside yielding returns for our shareholders.

Financial discipline is one of the critical pillars of our investment philosophy. For the year ended 31 March 2023, Rykadan Capital Limited ("Rykadan Capital" or "the Company") and its subsidiaries (collectively, the "Group") continued executing our investment strategy of building up a diversified portfolio of commercial, industrial, residential and mixed-use properties in multiple entrepreneurial hubs across Hong Kong, the United Kingdom and the United States of America, growing asset values and exiting within a three-to-five-year horizon. This strategy and our strong financial discipline helped us mitigate the challenges posed by the pandemic.

To alleviate the impact of lockdowns and disruptions, we leveraged digital tools and set up operational protocols to ensure the health and safety of our staff and partners, whilst optimizing remote construction monitoring to ensure that project milestones were met. As a result, despite the difficulties, we made steady headway in each of our various redevelopment projects thanks to the commitment and agility of our team.

We made solid progress towards completing our projects in Hong Kong, located in the vibrant commercial centres of Wong Chuk Hang and Wan Chai, with construction completed and pre-sale commencing during the year under review. Despite harsh market conditions, our expectations have been surpassed with satisfactory number of available units at our Jaffe Road Project being pre-sold.

Our projects incorporate new design elements, green materials and sustainable building principles, drawing strong interest from businesses seeking efficient hybrid work environments in convenient locations. For instance, our Wong Chuk Hang Project has won several prestigious industry awards, including Muse Design Award, APR Gold Award, and Rethinking The Future Awards.

Despite the challenges posed by higher interest rates and tightening credit cycles, we were encouraged by the gradual recovery of our hospitality business following the relaxation of travel restrictions, as tourism rebounded during the second half of the year under review.

Looking forward, a tough refinancing environment and ongoing geopolitical tension will continue to impact sentiment in the property market. But we remain cautiously optimistic about our long-term prospects and anticipate a window of opportunity towards the second half of 2023 as the pace of rate hikes moderates.

Adhering to our prudent and selective approach to identifying promising investment opportunities, we will continue to build on our solid track record in redevelopment projects, further enhancing our building design to move with the times while revitalising our community and enriching the workplace. We will collaborate with partners to identify high-potential projects in selective locations with solid investment merits as we strive to deliver value to our stakeholders.

On behalf of the board of directors, I would like to express my sincere thanks to our staff, business partners and management team for their dedication and hard work, and to our shareholders for their continuous support and belief in the Group.

CHAN William
Chairman and Chief Executive Officer

Hong Kong, 28 June 2023

MANAGEMENT DISCUSSION AND ANALYSIS

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 capital base while generating steady recurring income. The Group stays cautious in deploying its capital and 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 of directors (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 16 and 35 to the consolidated financial statements).

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)
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)

Investment	Location	Type	Group's interest	Status as of 31/3/2023	Area	Attributable area
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 the construction to commence once approvals are obtained.

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. Besides, 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 towards 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 aims at building 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 investments 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.

Pledge of Assets

For the pledge of assets, please refer to note 26 to the consolidated financial statements.

Commitments and Contingent Liabilities

For commitments and contingent liabilities, please refer to notes 33 and 34 to the consolidated financial statements.

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 prudently monitor and review from time to time the credit policies to deal with credit exposure in the macroeconomic environment, in order to minimise the credit risk exposure of the Group. For trade receivables, the Group's management regularly assesses the recoverability and the financial position of its customers, majority of whom are institutional organisations and reputable property developers, such that 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.

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).

CORPORATE GOVERNANCE REPORT

The board of directors (the "Board") would like to present this Corporate Governance Report in the Group's annual report for the year ended 31 March 2023.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance in order to safeguard the interests of shareholders and to enhance corporate value and accountability.

In addition to adhering to the principles and code provisions in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), the Company has, based on the standards and experience of the Company, adopted its own Corporate Governance Manual (the "CG Manual") for reference by the Board and management of the Company and its subsidiaries to meet the code provisions as set out in the CG Code. A copy of the CG Manual is posted on the Company's website. In the opinion of the directors, the Company has complied with all code provisions as set out in the CG Code throughout the year ended 31 March 2023, save for the deviations for code provisions A.1.1 and A.2.1 which deviations are explained in the relevant parts of this report.

The Company will continue to review periodically the CG Manual and enhance its corporate governance practices to ensure the continuous compliance with the requirements of the CG Code.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance. The Board has delegated to the Chief Executive Officer, and through him, to the senior management the authority and responsibility for the day-to-day management and operation of the Group. In addition, the Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference.

All directors have carried out their duties in good faith, in compliance with applicable laws and regulations and in the interests of the Company and its shareholders at all times.

DELEGATION BY THE BOARD

The Company has formalised and adopted written terms on the division of functions reserved to the Board and delegated to the management.

The Board reserves for its decisions on all major matters of the Company, including the formulation and monitoring of all policies and directions, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the Chief Executive Officer and the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers.

BOARD OF DIRECTORS

The Board of the Company currently comprises the following directors:

Executive directors:

Mr. CHAN William
(Chairman of the Board and the Nomination Committee, Chief Executive Officer)
Mr. YIP Chun Kwok
(Chief Operating Officer)
Mr. LO Hoi Wah, Heywood
(Chief Financial Officer)

Non-executive director:

Mr. NG Tak Kwan

Independent non-executive directors:

Mr. HO Kwok Wah, George
(Chairman of the Audit Committee and the Remuneration Committee and member of the Nomination Committee)
Mr. TO King Yan, Adam
(Member of the Audit Committee and the Remuneration Committee)
Mr. WONG Hoi Ki
(Member of the Audit Committee, the Remuneration Committee and the Nomination Committee)

A brief description of the background of each director is presented on page 37 to 38 of this annual report set out in the section headed "Profiles of Directors and Senior Management".

The list of directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The non-executive director and the independent non-executive directors are expressly identified in all corporate communications pursuant to the Listing Rules.

None of the members of the Board is related to one another.

BOARD DIVERSITY POLICY

The Company adopted a board diversity policy in accordance with the requirements set out in the code provisions of the CG Code. The Company recognises the benefits of having a diverse Board, and sees diversity at the Board level essential in achieving a sustainable and balanced development. In designing the Board's composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, educational background, ethnicity, professional experience, skills, knowledge, industry experience and expertise. All Board appointments are based on meritocracy and considered against a variety of criteria, having due regard for the benefits of diversity on the Board.

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended 31 March 2023, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise. The Board has maintained, throughout the year ended 31 March 2023, the proportion of the independent non-executive directors to at least one-third of the Board.

The Company has received written annual confirmation from each independent non-executive director of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all such directors independent.

All directors, including the non-executive director and the independent non-executive directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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 separated 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.

NON-EXECUTIVE DIRECTORS AND DIRECTORS' RE-ELECTION

Code provision A.4.1 of the CG Code stipulates that non-executive directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 states that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of the executive directors and the independent non-executive directors of the Company is engaged on a service agreement (for executive director) or letter of appointment (for independent non-executive director) for a term of 3 years and the non-executive director is engaged on a letter of appointment for a term of 1 year. All directors are subject to retirement by rotation once every three years.

Pursuant to the code provision A.4.3 of CG Code, any further appointment of an independent non-executive director serving more than nine years should be subject to a separate resolution to be approved by shareholders. Mr. TO King Yan, Adam ("Mr. To") and Mr. HO Kwok Wah, George ("Mr. Ho"), are an independent non-executive director serving the Company since 2009 and 2010, respectively. Both Mr. To and Mr. Ho have met the independence guidelines set out in Rule 3.13 of the Listing Rules and have made an annual confirmation of independence to the Company. The Board is satisfied that Mr. To and Mr. Ho who served the Company for more than nine years, remain independent, and considers that Mr. To and Mr. Ho would be able to continue to discharge their duties as independent non-executive directors to the Company with their relevant experience and knowledge. Mr. To and Mr. Ho should be re-elected and separate resolutions will be proposed for their re-election at the 2023 annual general meeting ("AGM").

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Every newly appointed director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of directors' responsibilities and obligations under the Listing Rules, and relevant statutory and regulatory requirements.

The Company also provides regular updates and presentation on the business development of the Group. Directors are regularly briefed on the latest development of the Listing Rules and other applicable statutory and regulatory requirements to ensure compliance and upkeep of good corporate governance practices. All directors are encouraged by the Company to participate in continuous professional development to develop and refresh their professional knowledge and skills.

During the year ended 31 March 2023, the Company provides continuous professional training to directors through circulating the Stock Exchange and regulatory updates to directors, to enhance their awareness and compliance of good corporate governance practices as well as the relevant statutory and regulatory requirements.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITY

The Company has arranged appropriate Directors' and Officers' Liability Insurance for its directors and officers covering the costs, losses, expenses and liabilities arising from the performance of their duties. The insurance policy covers legal action against its directors and officers to comply with the requirements of the CG Code. During the year, no claim was made against the directors and officers of the Company.

BOARD AND COMMITTEE MEETINGS

Board Practices and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to directors in advance. Notices of regular Board meetings are served to all directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least 3 business days before each Board meeting or committee meeting to keep the directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management where necessary.

Draft and final versions of minutes are normally circulated to directors or the committee members for comments and records respectively within a reasonable time after each meeting. Minutes of Board meetings and committee meetings are kept by the Company Secretary or the duly appointed secretaries of the respective meetings (as the case may be) and are available for inspection by all directors at all reasonable time.

According to the current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. The Company's articles of association contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

MODEL CODE FOR 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.

BOARD COMMITTEES

The Board has established three committees, namely, the Remuneration Committee, the Nomination Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference which are in line with the CG Code. These terms of reference are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request. Board committees are provided with sufficient resources to discharge their duties and are required to report back to the Board on their decisions or recommendations.

Remuneration Committee

The Remuneration Committee comprises 3 members, all of them are independent non-executive directors.

The primary function of the Remuneration Committee is to assist the Board to oversee the Company's remuneration practices to ensure effective policies, processes and practices for rewarding directors and the senior management/heads of departments, and that the reward programs are fair and appropriate and managed with integrity and in compliance with the Listing Rules and other applicable rules and regulations. The Remuneration Committee is also responsible for determining the remuneration packages of individual executive directors and senior management and establishing formal and transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his associates will participate in deciding his own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

No meeting had been held by the Remuneration Committee during the year ended 31 March 2023. However, the Remuneration Committee had recorded their decisions by passing written resolutions determining remuneration packages of the executive directors, the non-executive director and the independent non-executive directors.

Details of the Directors' remuneration are set out in note 10 to the consolidated financial statements. In addition, pursuant to the code provision B.1.5, the annual remuneration of other members of the senior management by bands for the year ended 31 March 2023 is set out below

Remuneration Bands	Number of Individuals
HK$1,000,001 to HK$1,500,000	1
HK$1,500,001 to HK$2,000,000	1

Nomination Committee

The Nomination Committee comprises 3 members, the majority of them are independent non-executive directors. The Nomination Committee is provided with sufficient resources to discharge its responsibilities.

The terms of reference of the Nomination Committee setting out the committee's authorities and duties, which follow closely the guidelines of the code provisions of the CG Code, are available on the Company's website.

The principal duties of the Nomination Committee are as follows:

(i) to review the structure, size and composition (including skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(ii) to identify individuals suitably qualified to become the Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; and

(iii) to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive.

The above principal duties are regarded as the key nomination criteria and principles for the nomination of directors of the Company, which also form part of the nomination policy of the Company. In selecting and recommending candidates for directorship to the Board, the Nomination Committee would consider various aspects such as candidate's qualification, time commitment to Company and contributions that will bring to the Board as well as factors concerning board diversity as set out in the Company's board diversity policy, before making recommendation to the Board on the appointment of directors.

The Nomination Committee is also responsible for assessing the independence of the independent non-executive directors.

Each of Mr. Ho, Mr. To and Mr. WONG Hoi Ki ("Mr. Wong"), as an independent non-executive director, has served the Company for more than nine years, during which period they have provided professional advice and insight to the Board. During their tenure of office, they have in-depth understanding of the Group's business and operation and have also demonstrated strong independence by providing impartial views and comments at Board and Board committee meetings. They have not taken part in the day-to-day management of the Company. The Nomination Committee considered that the long service of the independent non-executive directors will not affect their exercise of independent judgment and was satisfied that each of Mr. Ho, Mr. To and Mr. Wong has the required integrity and experience to continue fulfilling the role of an independent non-executive director. Also, each of Mr. Ho, Mr. To and Mr. Wong has met the independence guidelines set out in Rule 3.13 of the Listing Rules and has made an annual confirmation of independence to the Company. The Board is satisfied that each of Mr. Ho, Mr. To and Mr. Wong remains independent and would be able to continue to discharge his duties as an independent non-executive director to the Company with their relevant experience and knowledge.

During the year ended 31 March 2023, one meeting had been held by the Nomination Committee which had reviewed the structure, size and composition of the Board.

Audit Committee

The Audit Committee comprises all the 3 independent non-executive directors with the chairman of which possesses the appropriate professional qualifications and accounting expertise. None of the committee members is a former partner of the Company's external auditors.

The Audit Committee is responsible for assisting the Board to review and supervise the adequacy and effectiveness of the Group's financial reporting system, internal control systems and the risk management system and associated procedures as well as the internal and external audit functions. It is also responsible for reviewing the completeness, accuracy, clarity and fairness of the Group's consolidated financial statements, considering the scope, approach and nature of both internal and external audit reviews and reviewing and monitoring connected transactions. It also reviews the arrangement to enable employees of the Group to raise concerns about possible improprieties. The Board shall in consultation with the chairman of the Audit Committee provide sufficient resources to enable the Audit Committee to discharge its duties. The Audit Committee annually assesses the appointment of the external auditors and reviews the interim and final results of the Group prior to recommending them to the Board for approval.

There were three Audit Committee meetings held during the year ended 31 March 2023. The Audit Committee has performed the following work during the year: (i) to review the financial reporting and compliance procedures; (ii) to review the annual results for the year ended 31 March 2022 and the interim results for the half year ended 30 September 2022; (iii) to meet with the external auditors in the absence of management; (iv) to review the risk management and internal control procedures of the Company; and (v) to consider the re-appointment of auditors.

The Company's annual results for the year ended 31 March 2023 have been reviewed by the Audit Committee.

Corporate Governance

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

During the year ended 31 March 2023, the Board reviewed its CG Manual, the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Written Employee Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

Directors' Attendance Records

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.

The attendance record of each director at Board meetings, Audit Committee meetings, Nomination Committee meeting and general meetings of the Company held during the year ended 31 March 2023 is as follows:–

Name of Directors	Board Meeting	Attendance/Number of Meetings held during the tenure of directorship Audit Committee Meeting	Nomination Committee Meeting	Annual General Meeting	Extraordinary General Meeting
Executive Directors					
Chan William	2/2	N/A	1/1	1/1	1/1
Yip Chun Kwok	2/2	N/A	N/A	1/1	1/1
Lo Hoi Wah, Heywood	2/2	N/A	N/A	1/1	1/1
Non-Executive Director					
Ng Tak Kwan	2/2	N/A	N/A	1/1	1/1
Independent Non-Executive Directors					
Ho Kwok Wah, George	2/2	3/3	1/1	1/1	1/1
To King Yan, Adam	2/2	3/3	N/A	1/1	1/1
Wong Hoi Ki	2/2	3/3	1/1	1/1	1/1

Apart from regular Board meetings, the Chairman also held meeting with the independent non-executive directors of the Company without the presence of other directors during the year.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the year ended 31 March 2023.

In preparing the consolidated financial statements, the directors have adopted generally accepted accounting standards in Hong Kong and suitable accounting policies and applied them consistently, made judgements and estimates that are fair and reasonable and prepared the consolidated financial statements on a going concern basis.

The directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

Management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Group's consolidated financial statements, which are put to the Board for approval.

The statement by the external auditors of the Company about their responsibilities for the consolidated financial statements is set out in the section headed "Independent Auditor's Report" on page 46.

AUDITORS' REMUNERATION

The remuneration charged by the Company's external auditor in respect of audit services and non-audit services for the year ended 31 March 2023 is set out below:–

Category of Services	Fee Paid/Payable (HK$)
Audit Services	1,338,000
Non-audit Services	
– Tax compliance work	140,000
– Others	173,000
TOTAL	1,651,000

DIVIDEND POLICY

The Board has the discretion to declare and distribute dividends to the shareholders of the Company, subject to the articles of association of the Company and all applicable laws and regulations. In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value. The Company has no fixed dividend payout ratio. The Board considers that, in general, the amount of dividends to be declared will depend on the Group's financial results, cash position, capital requirements, business conditions and strategies, and other factors as may be considered relevant at such time by the Board.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for the Group's risk management and internal control systems and overseeing management in the design, implementation and monitoring of the risk management and internal control systems.

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems. The Board is also responsible for reviewing the effectiveness of the Group's risk management and internal control systems, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions.

During the year ended 31 March 2023, the Board has engaged an external consultant to perform certain internal control review services and has discussed the scope of work with the external consultant. The Board considers the scope of work to be adequate given the size and complexity of the Group's operations and the Group's risk appetite. For the year ended 31 March 2023, the external consultant has assisted the Group to perform a review of the effectiveness of internal controls system for certain selected processes. The review results and proposed improvement opportunities were discussed and agreed with management and were reported to the Audit Committee.

The Board has adopted the risk management policy as established by management of the Group, which, together with the Group's internal control systems, are designed to manage the risk of failure to achieve business objectives and provide reasonable but not absolute assurance against material misstatement or loss.

The Group's risk management and internal control systems consist of the following main features:

Risk appetite – The Group has established a risk appetite statement that defines the extent of risks that the Group is willing to take in pursuit of its strategic and business objectives. It represents a balance between the potential benefits of business pursuits and the possible threats from the actions.

Risk governance structure – Clear roles and responsibilities are assigned to different levels of management within the Group. The Board sets the tone and provides guidance and governance over risk management. Senior Management is delegated with the responsibility to provide an assessment on the adequacy and effectiveness of the risk management process, as well as review, evaluate and challenge the risks identification and management processes. Risk owners ensure that the risk monitoring and internal control systems are working effectively and risk mitigation actions and internal controls are implemented.

Risk management process – A robust risk management process comprising risk identification, risk analysis, risk evaluation and risk treatment has been established to ensure that the top risks that the Group are facing are monitored and treated on an on-going basis. Risk assessment parameters are developed and applied consistently across the Group to evaluate and prioritise risks. Risk register that sets out the particulars of the Group's top risks together with the control measures is maintained by the Group.

Risk escalation process – Risks that exceed the risk tolerance level set by the Board are escalated to the Board to ensure further risk mitigation actions are taken timely.

The Board delegates the responsibility for reviewing the effectiveness of the Group's risk management and internal control systems to the Audit Committee which monitors the Group's risk management and internal control systems.

The Audit Committee reviews the effectiveness of the Group's internal control procedures and is satisfied that the Group's internal control processes are adequate to meet the business needs of the Group. The Board considers that the risk management and internal control systems of the Group are effective and adequate. The Board is monitoring the risk management and internal control systems on an ongoing basis.

For the handling and dissemination of inside information, an inside information handling policy is in place to enable the Group to handle inside information and, where required, communicate with the Group's stakeholders in a timely manner.

COMPANY SECRETARY

Mr. LUI Man Kit ("Mr. Lui") has been appointed the Company Secretary of the Company in July 2021. Mr. Lui has taken no less than 15 hours of relevant professional training during the financial year ended 31 March 2023.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective and ongoing communication with shareholders is essential for enhancing investor relations and investor's understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to evaluate the performance of the Group.

The general meetings of the Company provide a forum for communication between the Board and the shareholders. The Chairman of the Board, all independent non-executive directors, and the Chairmen of all Board Committees (or their delegates) will make themselves available to answer questions at shareholders' meetings.

The Company also communicates with the shareholders, investors and general public through the annual reports, interim reports and other corporate announcements.

To promote effective communication, the Company maintains a website at http://www.rykadan.com, where up-to-date information and updates on the Company's structure, board of directors, business developments and operations, financial information, corporate governance practices and other information are posted.

On 4 August 2022, the Board announced its proposal of adoption of the amended and restated memorandum and articles of association of the Company (the "M&A") in order to bring the M&A in line with the latest legal and regulatory requirements, including the amendments made to Appendix 3 to the Listing Rules which took effect on 1 January 2022. The amendments to the M&A and the adoption of the second amended and restated M&A were approved by the Shareholders at the annual general meeting held on 8 September 2022 (the "2022 AGM"). The information in relation to the amendments, please refer to the announcement of the Company dated 4 August 2022 and the circular for the 2022 AGM dated 9 August 2022.

An up-to-date version of the Company's constitutional documents are also available on the Company's website and the Stock Exchange's website.

SHAREHOLDERS' RIGHTS

The Board and management shall ensure shareholders' rights and all shareholders are treated equally and fairly. Pursuant to the articles of association, any shareholder entitled to attend and vote at a general meeting of the Company is entitled to appoint another person as his/her proxy to attend and vote instead of him/her.

To safeguard the shareholders' interests and rights, a separate resolution should be proposed for each substantially separate issue at shareholders' meetings, including the election of individual directors. All resolutions put forward at shareholders' meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each shareholders' meeting.

Convening an Extraordinary General Meeting by Shareholders

Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition pursuant to the articles of association of the Company.

Putting Forward Proposals at General Meetings

There are no provisions in the Company's articles of association or the Cayman Islands Companies Act for shareholders to move new resolutions at general meetings. Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company.

Note: The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Rooms 2701 and 2801, Rykadan Capital Tower,
135 Hoi Bun Road, Kwun Tong, Kowloon
(For the attention of the Chairman of the Board/Chief Executive Officer/Company Secretary)
Fax: (852) 2547 0108

For the avoidance of doubt, shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Board of Directors ("the Board") would like to present this Environmental, Social and Governance ("ESG") report (the "Report" or "ESG Report") of Rykadan Capital Limited (hereinafter referred to as "Rykadan" or the "Company") and its subsidiaries (collectively, referred to as the "Group"), covering the period from 1 April 2022 to 31 March 2023, to demonstrate our efforts in managing our environmental and social impacts.

1. ABOUT THIS REPORT

1.1 Overview

This ESG Report is prepared based on the Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide") in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). An index table aligning the report content with the ESG guide requirements has been included in Appendix I of this report for reference.

1.2 Reporting Principles

When preparing the Report, we adhered to the reporting principles of materiality, quantitative, balance and consistency according to the ESG Reporting Guide with the purpose of presenting quantifiable, clear and comparable information and responding to the ESG issues of concern to our stakeholders.

Principles		The Group's response
Materiality	The threshold at which ESG issues determined by the board are sufficiently important to investors and other stakeholders that they should be reported.	The Group has identified and assessed the ESG issues that are critical to stakeholders after continuous engagement with stakeholders and full consideration of the business strategy and operations.
Quantitative	Key performance indicators (KPIs) in respect of historical data need to be measurable. The issuer should set targets to reduce a particular impact. In this way the effectiveness of ESG policies and management systems can be evaluated and validated. Quantitative information should be accompanied by a narrative, explaining its purpose, impacts, and giving comparative data where appropriate.	The Group has disclosed quantitative information of the year in the Report whenever possible and provided textual explanations so that stakeholders could clearly understand the ESG performance of the Group.
Balance	The ESG report should provide an unbiased picture of the issuer's performance. The report should avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.	The Group has fully disclosed its ESG performance and avoided expressions that may inappropriately influence decisions or judgment made by readers.
Consistency	The issuer should use consistent methodologies to allow for meaningful comparisons of ESG data over time.	The Group ensures that the reporting scope and methodologies are largely consistent every year.

1.3 Scope of the Report

This ESG Report covers the ESG policies and initiatives of our property development and investment (including asset, investment and fund management) and the distribution of construction and interior decorative materials businesses. With our head office based in Hong Kong, our property projects spread across Hong Kong, the United States of America (the "U.S.A.") and the United Kingdom (the "UK"); while the distribution of construction and interior decorative materials business is mainly conducted in Hong Kong and Mainland China at our head office and mainland offices. Other investments (i.e. Quarella Holdings Limited and RS Hospitality Private Limited) are excluded from this Report since we do not have direct control over the business operation of these investments.

Environmental and social KPIs disclosed in this ESG Report cover our head office in Hong Kong. For property development, as the construction activities are carried out by contractors, we also report our contractors' environmental and social performance at the construction sites to reflect the ESG impact of our projects. Properties that are not under construction and/or being managed by the Group, are excluded from ESG data disclosure for there were neglectable consumptions. For easy reference, the list below summarises our real estate investments and the inclusion status of their ESG data in this Report:

Region	Investment	Status as at 31 March 2023	ESG Data	Remarks
Hong Kong	Wong Chuk Hang Project	Completed	Y	Being marketed to buyers
	Jaffe Road Project	Completed	Y	Being marketed to buyers
	2702, 2802, 2803, 2804 and various car parking spaces of Rykadan Capital Tower	Completed	N	Classified as investment properties
	Various car parking spaces of Rykadan Capital Tower	Completed	N	Classified as properties for sales
	Shouson Hill	–	N	Investment properties
The U.S.A.	Winston Project	Completed	N	Being marketed to buyers
	Monterey Park Towne Centre Project	Under planning	N	–
	Anoakia Project	Under construction	Y	Expected to be completed in September 2023
	Broadway Project	Under planning	N	–
	Virginia Project	Completed	N	Being marketed to buyers
The U.K.	Graphite Project	Under construction	N	Expected to be completed in March 2025

2. OUR ESG APPROACH

2.1 ESG management and governance

Rykadan recognises the importance of fulfilling corporate social responsibility and regards it as an important cornerstone for its sustainable development. In the course of our daily operations, we strive to integrate various environmental and social factors into our business practices whenever possible. This approach enables us to comply with applicable regulatory requirements while mitigating any adverse effects on the environment and society. Through a diligent focus on ESG factors, we continue to evaluate and refine our performance, demonstrating a responsible approach that aligns business objectives with social practices.

We take a top-down approach on the management of ESG issues to embed sustainability principle into every aspect of our operations and decision-making processes. The Board and senior management exercise supervision over ESG matters, evaluate the ESG issues with significant impacts on stakeholders, identify associated risks and opportunities and review and approve annual ESG reports to disclose comprehensive information on the Group's ESG performance. With the Board's leadership, relevant functional departments of the Group are in charge of supervising the execution of ESG measures and initiatives, gathering ESG-related information and data and delivering regular progress updates to the Board. By adopting the management approach, the Board exercises heightened control and oversight over ESG issues, which leads to an overall improvement in ESG management practices throughout the Group.

2.2 Stakeholder engagement and materiality assessment

We maintain regular and meaningful communication with our stakeholders through multiple channels, actively seeking their input and feedback on our ESG efforts, as we strive to fully grasp and address their demands and expectations. With reference to their input, we identify and prioritise the key ESG issues that hold significant relevance to our business operations. Based on this assessment, we develop an ESG work plan aimed at effective managing these issues. Through ongoing improvements in our sustainable performance and collaboration with stakeholders, we actively seek to attain mutually beneficial and win-win outcomes.

In line with the reporting principle of materiality, we conducted stakeholder interviews as part of the materiality assessment process, enabling us to gain insights in to the relevance and importance of ESG issues for our business.

Identification

- With reference to the ESG reporting Guide and based on our business characteristics, a list of ESG issues relevant to our business was identified.

Prioritisation

- The ranking and prioritisation of ESG issues were carried out through interviews, considering their impact on both the Group and stakeholders.

Validation

- The prioritised issues were reviewed and finalised by the management.

In 2023, interviews were completed with our senior management to ensure that the identified ESG issues were applicable to our operations. The results of the materiality assessment are as follows:

Material issues	Relevance to our business
Product responsibility	Deeply understanding the significance of product responsibility in our role as a property developer, we are dedicated to improving the quality of our offerings. We prioritise responsible practices in the "design and build" of our properties, ensuring that they fulfil the requirements of our users, including aspects such as adequate ventilation and natural light penetration within the buildings. For further details on our commitment to product responsibility, kindly refer to the Section 3.1 Securing product and service quality.
Health and safety	We aim to provide a safe workplace and place occupational health and safety at the centre of our top priorities. To accomplish this, we take proactive steps to mitigate health and safety risks across both our office operations and construction sites. Regular evacuation and escape drills are organised to heighten employees' awareness of safety and ensure occupational health and safety standards are maintained. Additionally, we actively encourage our contractors to work towards a zero-accident goal on all our construction sites. To learn more about our comprehensive approach to health and safety, please refer to the Section 4.2 Occupational health and safety.
Supply chain management	Effective supply chain management is crucial to driving our business forward, as it involves the delivery of our quality products by construction contractors and decorative material suppliers to our valued customers. We place great importance on assessing the ESG performance of our contractors and suppliers, as well as their compliance with applicable laws and regulations to ensure responsible practices throughout our supply chain. For further insights into our strategies and practices regarding supply chain management, please consult the Section 3.3 Supply chain management.
Anti-corruption	At the Group, we are committed to uphold the highest standards of ethics and integrity. In compliance with relevant laws and regulations, we have stringent measures in place to prevent bribery, money laundering, fraud, corruption, and maintain a zero-tolerance approach for such actives within our organizations, as well as our suppliers and contractors. For detailed information on our anti-corruption measures, please refer to the Section 3.2 Anti-corruption.
Climate change and GHG emissions	We recognise the increasing evident impact of climate change on our business, particularly with regards to extreme weather that may disrupt our property constructions and the logistics of our distribution business. In response, we collaborate closely with our business partners to develop emergency plans. These plans are strategically designed to minimise the impact of potential disruptions cased by climate events and ensure prompt and effective responses. For a comprehensive understanding of our measures related to climate change and emissions, kindly refer to the Section 5.2 Responding to climate change and 5.3 Emissions and regulatory compliance.

3. OPERATING PRACTICE

3.1 Securing product and service quality

We firmly hold the view that our success, profitability and sustained growth hinge on our ability to deliver superior products to our customers, which in turn has a direct impact on how our brand is perceived. Consequently, we are dedicated to an ongoing process of refining our products and services to meet the ever-evolving expectations of our valued customers. During the year under review, we did not receive any complaints related to the quality of our products and services.

Property development

In our pursuit of excellence in the property development business, we need to ensure that our customers have access to well-crafted and premium living and working spaces. We comprehend our social responsibilities as a property developer and the far-reaching impact our business can have on the community. When designing our projects, we make a conscious effort to consider the needs and preferences of our end users. Our aim is to provide them with designs that not only meet and ideally exceed their expectations but also offer user-friendly experiences whenever feasible. We prioritise the safety of our buildings by adhering to the health and safety requirements set forth by local regulations governing building designs. The regulations encompass a range of crucial elements, including fire safety measures and other necessary provisions, which we incorporate into our building plans. Furthermore, we carefully assess the economic feasibility and integrate resource-efficient and eco-friendly elements into our buildings accordingly. One of our managed projects in Hong Kong, specifically the Jaffe Road project, was granted the BEAM Plus Unclassified Rating, a green building certification, for its eco-friendly design and operations.

We comply with government regulations and industry guidelines, including the Consent Scheme of the Hong Kong Lands Department and the self-regulatory regime of the Real Estate Developers Association of Hong Kong. As part of our ethical approach, we prohibit any form of exaggeration in our marketing and communication materials for our redeveloped properties, to ensure that our marketing activities reflect complete transparency and accuracy.

Distribution of construction and interior decorative materials

Our distribution of construction and interior decorative materials are mainly sourced from Quarella, a globally recognised brand. To uphold a stringent level of safety and adhere to local environmental and social laws and regulations, Quarella has undergone strict quality control and safety testing throughout its production processes. In our commitment to prioritizing health and safety, we provide our customers with basic training and guidance on safety precautions for handling construction and interior decorative materials when they purchase our products. By offering such support, we effectively minimise any potential health risks associated with dust generated during the cutting and installation processes.

To achieve optimal customer satisfaction, we ramp up our efforts to engage with customers effectively. We keep in touch with them through various channels such as phone calls, emails and in-person meetings. Through increased interaction and feedback collection, we aim to continually enhance the excellence of our products and services to meet the needs and expectations of our customers. Meanwhile, we have put in place well-defined policies and procedures to address customer complaints in an effective manner to ensure that their legitimate rights and interests are protected. In regard to customer privacy, we adhere to applicable regulations, such as the Personal Data (Privacy) Ordinance (Cap. 486), in our operations and strictly prohibit the unauthorised disclosure of proprietary information.

Regulatory compliance

During the year under review, we were not aware of any material non-compliance with laws and regulations related to health and safety, advertising, labelling and privacy matters.

3.2 Anti-corruption

Rykadan is committed to operating business in hand with the highest ethical standards, and have zero tolerance for illegal or unethical behavior. All business activities are carried out adhering to relevant laws, rules and regulations to ensure ethics and integrity. We have the Code of Ethics and Conduct Policy and Whistle Blowing Policy in place that provide general guidelines for employees to eliminate situations of bribery, extortion, fraud, money laundering and conflicts of interests.

Rykadan prohibits employees from pursuing or accepting anything of monetary value from suppliers, clients or anyone in connection with our business. As part of our compliance management, all directors and employees are required to sign the Code of Conduct and discipline their own behaviour to ensure compliance. Appropriate disciplinary action may be taken against those who have committed compliance violation, including summary dismissal.

Awareness-building plays a key role in our approach to keeping compliant business operation. We empower our staff by providing series of anti-corruption trainings, including Anti-money laundering (AML) findings and recommendations for practice unit, Regulatory Requirements on Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) for Discretionary. During the year, employees also attended AML trainings provided by Certified Anti-Money Laundering Specialist, the largest international membership organization for Anti-Financial Crime professionals. In particular, Directors are required to receive trainings covering topics of AML, CFT, virtual banking, customer due diligence and etc, as well as SFC cases included in the trainings. To embed respect for business ethics throughout the Company, the Board regularly communicates the ethical standards and any policy updates to all employees by e-mail or during meeting sessions.

To ensure the accountability and transparency of the Group, we encourage employees as well as external stakeholders to report potential compliance violations. Reporting cases include any improper behaviour, such as crimes, fraud, bribery and corruption, contravention of the Code of Conduct, or unauthorised activity for personal gain. Our Whistle Blowing Policy sets out general guidelines, regarding complete reporting procedures, whistle-blowing channels and confidentiality requirements. Reporters can use our Whistle Blowing Hotline to report violations or raise concerns either verbally or in writing to the head of human resource department. Management or Audit Committee is in charge of investigating potential compliance violations, the case may be referred to police or relevant reporting parties, depending on the seriousness and sensitivity. Besides, Rykadan maintains a strong focus on whistle-blowers protection. We assure confidentiality of whistle-blowers' identities and personal information to protect them from retaliation or victimization.

Regulatory compliance

During the year under review, we were not aware of any material non-compliance relating to bribery, extortion, fraud and money laundering.

3.3 Supply chain management

One of the key elements in advancing the Group's sustainable growth is a sustainable supply chain. Rykadan complies with all applicable laws and regulations and takes steps to ensure the stability and compliance of the supply chain. We place great emphasis on identifying, assessing and managing environmental and social risks within our supply chain to promote sustainable practices. Additionally, we evaluate and assess suppliers' performance regularly, in order to foster a fair and cooperative relationship towards mutually beneficial outcomes.

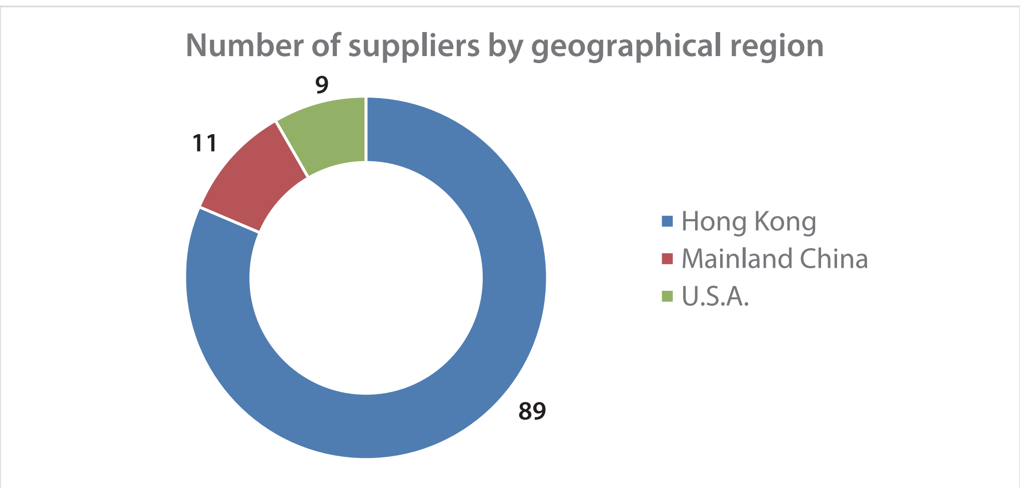
For enhancing our business operations, we have stringent requirements for supply chain management. We develop fundamental guidelines for all procurement and tendering activities, emphasizing that the selection and sourcing of services and goods should be considered on factors such as price, quality, need and other relevant considerations. To reduce the carbon emission generated from transportation, we select building material locally or in close proximity at a higher priority. In addition, we evaluate suppliers by considering their ESG performance, with a focus on compliance with environmental, employment, health, and safety regulations.

We have implemented transparent procurement and tendering processes. We attach importance to external restrictions and supervision, strictly monitor suppliers and prohibit all bribery. To ensure that the suppliers behave appropriately and compliantly, we utilise a robust monitoring system and management controls to identify and prevent any instances of bribery, fraud, or other misconducts that may arise during the procurement and tendering process.

At the same time, we also strictly regulate internal management and processes. It is imperative that directors and employees adhere to the guidelines outlined in the Code of Ethics and Conduct Policy to steer clear of any potential conflicts of interest. It is strictly prohibited to exploit any information obtained from the Company for personal gain. Furthermore, employees involved in the procurement process, including the selection and purchase from suppliers and contractors, must refrain from abusing their power or engaging in any activities that could impede their ability to make impartial decisions.

In the realm of property construction, we collaborate with reputable contractors who have good track records in addressing environmental concerns while delivering high-quality services. Contractor's compliance with legal requirements is a crucial factor to us when considering future co-operation. We monitor our contractors' on-site health and safety and environmental practices to ensure legal compliance and keep a record of any breaches or deviations from legal requirements for future assessments.

With regard to the distribution of construction and interior decorative materials business, we are not only focusing on the quality of products, but are also taking steps to enhance our assessment and monitoring of suppliers' ESG performance. One of our initial strategies for managing the ESG impact of our supplier, Quarella (of which we own 43.5% stake), is to implement thinner blades in their production process which will result in reduced energy consumption and material waste. Another approach we take is to choose stone-cutting factories situated near ports or job sites, which helps minimise transportation distances and, consequently, fuel usage. Besides, we keep track of the consumption of office supplies that meet specific environmental criteria, such as certification or accreditation by reputable and independent third parties. By analysing consumption data, we are able to evaluate our sustainable procurement performance and identify opportunities to source even more sustainable products.



3.4 Protection of intellectual property rights

Rykadan supports a reliable legal framework for intellectual property rights and strictly complies with relevant laws and regulations. We consider it is our responsibility to contribute to the protection of intellectual property rights, accordingly, we prohibit any act that may violate these rights. We strive to safeguard the intellectual property rights and keep the use of authorised software in our business operations, as well as prohibit the use or installation of pirated software. In addition, we stipulate that the Company owns the right to use, own and transfer the finished products, reports, file systems, computer software, programming, etc. which are researched, developed, improved, designed, written, edited, created or manufactured by the employees during their employment.

4. EMPLOYMENT AND LABOUR PRACTICES

4.1 Employment

Rykadan truly understands and recognises the value of each employee, bearing in mind the concept of people-oriented management. We strictly adhere to relevant labour laws and regulations to ensure that our employees' rights and interests are always respected and protected. Our Employee Handbook outlines clear guidelines for recruitment, performance assessment, welfare, and termination of employment to ensure that our employment management is robust and effective. We always provide an open and inclusive working environment for our employees and provide them with the resources to achieve career aspirations, taking care of their health and safety to achieve a mutual development of employees and the Company.

Recruitment

We strive to create a level playing field for all employees and uphold a transparent, unbiased, equitable and non-discriminatory recruitment process. To attract the most qualified candidates for our job vacancies, we leverage a variety of recruitment channels, such as internal promotion, employee referrals, talent pool, printed media, recruitment websites and agencies. During the recruitment process, we assess candidates based on their education, professional qualifications, job knowledge, experience, skills, and competencies that are relevant to the role.

Our recruitment process consists of several stages, starting with the initial screening of applications by our human resources and administration teams. We then conduct telephone interviews in some cases as a preliminary assessment before scheduling in-person interviews with relevant department managers. Our evaluation criteria guide the selection process, which includes two rounds of interviews. For certain positions, candidates may also be required to participate in a written test as designated by the relevant department heads. By following these steps, we ensure that the most suitable candidates are selected for the job who meet our high standards and expectations.

Performance appraisal and promotion

Rykadan attaches great importance to talent management. We leverage a comprehensive performance appraisal system to enhance the efficiency of our human resources management and fully motivate employees. Rykadan Performance Appraisal Policy outlines the objectives, principles, approaches, and procedures to ensure that individual value of employees is maximised and that the incentive role is fully utilised.

We conduct performance assessments based on the SMART principles – specific, measurable, actionable, realistic, and timely – to ensure the effectiveness. In this way, we create a coherent and comprehensive performance management system. Employees receive feedback from their direct supervisors through interactive communication and assessments of their abilities, attitudes, work results and other relevant factors. The results of the performance appraisal are used as a reference for salary increment, bonus allocation, promotion, job rotation, training and development and other further decisions.

We value providing timely and comprehensive feedback and guidance to employees during the performance management process. Direct supervisors are encouraged to have personal discussions with their employees to review performance appraisal results and discuss approaches to improvement. In addition, to enhance mutual understanding and communication between staff and the Company, we conduct assessment on the performance of probationary staff during probation period and other permanent or contract staff in a year or in a specific employment period.

We cherish employees' talents and provide them with a broad development platform. When company positions become vacant, we offer internal promotion and job rotation opportunities for our employees. We consider employees' performance, competence, potential quality, ethics, and seniority to ensure fairness. We believe in discovering competent individuals and placing them in suitable positions helps the Company establish a talent foundation for sustainable development.

Development and training

Rykadan believes that providing sufficient training resources is a necessary guarantee for the success of the Company and the development of employees. We have created an open environment that provides employees with development opportunities and supports them in achieving their career goals. We actively encourage employees to participate in internal and external trainings to enhance their abilities and competitiveness. On the one hand, within the Company, we organise on-the-job training to ensure that employees improve their knowledge and skills through continuous learning. On the other hand, we encourage employees to seek external training opportunities to keep up with the latest industry trends and support their professional development.

An Education Sponsorship and Allowance Scheme is in place as support. We provide sponsor and grant paid leaves to encourage our employees to take part in external training courses that relates to their job duties. Under the scheme, each employee is entitled to a sponsorship of up to HK$6,000 per year for participating in job-related training courses or professional seminars, along with up to 3 days of examination leave annually.

Percentage of employees trained category	Unit	Offices	Construction sites[1]
Management	%	83.33%	53.33%
Non-management	%	35.00%	63.77%
Male	%	72.73%	22.54%
Female	%	20.00%	46.15%

Average training hours by employee category	Unit	Offices	Construction sites[1]
Management	Hour	17.83	4.67
Non-management	Hour	4.60	5.45
Male	Hour	14.09	1.39
Female	Hour	2.93	1.15

[1] Reported construction sites employment are all hired by contractors.

Remuneration and welfare

Rykadan has implemented a remuneration management system that is fair, transparent, and reasonable. In order to retain and motivate our employees, we offer a fair and responsible compensation and welfare packages that are reviewed annually based on factors such as job position, experience, performance, and the Company's overall performance and market conditions.

Full-time employees are entitled to a range of fringe benefits, which are outlined in our Employee Handbook. These benefits include medical insurance coverage, long service payment, and various types of leave, such as marriage leave, paternity leave, compassionate leave, and birthday leave.

Furthermore, to ensure that our employees are compensated for overtime work, we have established clear procedures in Employee Handbook. For every four hours of overtime worked, employees will receive a half-day holiday, as well as meal and traffic allowances.

We also organise recreational activities every year to foster a sense of community and strengthen corporate cohesiveness. These activities provide employees with a greater sense of happiness and belonging, creating a friendly and harmonious working environment.

Labour standards

We are dedicated to upholding the fair labor standards. Rykadan adheres strictly to local labour regulations, such as the Employment Ordinance (Cap. 57 of the Laws of Hong Kong) and Labour Law of the PRC, as well as the Fair Labour Standards Act of the U.S.A.

We do not tolerate any form of discrimination or physical or verbal harassment in the workplace. We always maintain a fair and unbiased hiring approach to all candidates, without consideration on race, gender, sexual orientation, family status, colour, religion, age, disability or pregnancy. To raise employees' awareness, we include related guidelines in our Employee Handbook. We urge all employees to remain vigilant and report any violations to the relevant department. Depending on the severity and sensitivity of the case, the person who engages in inappropriate behaviour will be disciplined accordingly, and in severe cases, may even be referred to the police. In this way, we create the framework for fair and respectful interaction.

Additionally, we do not tolerate child labour or forced labour. We conduct thorough reference checks to verify the accuracy of candidates' identification documents and other information. As for our collaboration with suppliers and contractors, we select companies with a good reputation, a proven track record, and relevant monitoring mechanisms in place to ensure compliance with labour regulations.

Regulatory compliance

During the year under review, we were not aware of any material non-compliance with laws and regulations relating to employment and labour standards.

Employment statistics (As at 31 March 2023)	Total Workforce		Employee turnover rate (%)
	Offices	Construction sites[2]	offices
Total	26	84	26.9%
By gender			
Male	11	71	45.5%
Female	15	13	13.3%
By age group			
Below 30	4	24	25.0%
31-50	16	36	31.3%
Above 50	6	24	16.7%
By employment type			
Permanent	25	84	28.0%
Contract/Part-time	1	0	0.0%
By geographical location			
Hong Kong	23	73	30.4%
Mainland China	1	0	0.0%
The U.S.A.	2	11	0.0%

4.2 Occupational health and safety

As a responsible organization, Rykadan takes great care of employees' health and safety. We adhere to relevant laws and regulations, ensuring occupational health and safety at property development projects as well as our office operations.

Property development

As the project manager for our property development business, we carefully select contractors for the construction works. Our preference is to work with established contractors who have abundant experience of safe and successful project completion. In order to maintain safety standards on our projects, we periodically request the most current health and safety data from our contractors. If any significant incidents or safety violations are reported, we take note and factor this information into future tendering decisions. Our commitment to safety is paramount and we strive to maintain the highest standards in all aspects of our property development projects.

Offices

We are committed to providing a safe and secure working environment in our office. In order to create a comfortable and healthy working environment, we regularly clean the ventilation system and keep the air-conditioning at an appropriate temperature. While the health risks associated with COVID-19 have been reduced, we are still responding to minimise the health risks to our employees. We disinfect our offices regularly to protect the health of employees and create a clean and comfortable office environment. Further, we continue to provide sanitizer and other sanitary products for employees in the workplace, calling on employees to pay attention to personal hygiene and help employees keep healthy. In addition, we offer employees the option of working from home and flexibly adjusting their working hours to promote their physical and mental health.

To prevent accidents, we have implemented a range of measures, including regular maintenance of first aid kits and fire extinguishers as well as annual evacuation and escape exercises. In this way, we emphasis the importance of health and safety to our employees, thereby minimizing safety incidents.

2 Reported construction sites employment are all hired by contractors.

Health and safety	Unit	2020/2021	2021/2022	2022/2023
Offices				
Total number of fatal cases arising from work accidents	No. of case	0	0	0
Total number of injury cases arising from work accidents	No. of case	0	0	0
Total number of lost working days due to injuries	Day	0	0	0
Construction sites				
Total number of fatal cases arising from work accidents	No. of case	0	0	0
Total number of injury cases arising from work accidents	No. of case	3	0	2
Total number of lost working days due to injuries	Day	32	0	0

Regulatory compliance

During the year under review, we were not aware of any material non-compliance with laws and regulations by the Group relating to occupational health and safety.

5. ENVIRONMENTAL STEWARDSHIP

5.1 Our commitment and targets

We comply with all relevant environmental laws and regulations and incorporate green and sustainable concepts into our operational management processes. We are committed to improving resource efficiency, reducing our negative impact on the environment through regular reviews and strengthening our environmental protection measures, and assuming our social responsibility for environmental protection. In addition, as we continue to improve our own environmental performance, we will also enhance our impact on our suppliers and work with them to improve their environmental, social and governance performance.

Property development

We continue to promote the concept of sustainable development in our property development business by practising responsible “design and build” and handling our emissions carefully to ensure compliances. We also work with our service providers, including architects, engineers and contractors, to integrate environmentally responsible considerations throughout the design, construction and operation process.

Distribution of construction and interior decorative materials

Our distribution of construction and interior decorative materials business is mainly carried out in our offices, with very low consumption of electricity and water. Other operations, including sub-contracting and logistics, are outsourced to third-party service providers. To reduce the negative environmental impact of our operations, especially emissions from our suppliers' plant operations and logistics, we encourage our suppliers to take steps to improve the efficiency of their resource and energy use and operate in a green manner.

Offices

We actively advocate the concept of green office and continuously pay attention to the use of resources and energy consumption during office operations, and take corresponding measures to save water, electricity and reduce waste generation to create a low-carbon and energy-saving office environment. We integrate environmental protection concepts into our daily work, such as applying energy-saving standby mode devices in the office environment, optimizing travel routes for business trips to reduce carbon footprint, replacing unnecessary travels with online meetings, and introducing VR presentations of flats in the showroom to reduce carbon emissions.

5.2 Responding to climate change

Climate change is one of the major global challenges. As extreme weather, such as rising sea levels and other climate issues, are becoming more prominent, it is urgent to address climate change. We realise that climate change will impact several aspects of our business operations, such as extreme weather that can disrupt our construction sites and project construction schedules. Therefore, we actively explore the possible risks of climate change, and develop appropriate management measures to ensure the long-term sustainability of the Company.

During the project design phase, in order to effectively prevent and control the risks posed by climate change, we strictly follow regulatory guidelines to ensure that our buildings are in the right location and structure to be less affected by climate change. In addition, we are proactively exploring environmentally friendly indoor and outdoor building materials, as well as the use of renewable energy, integrating the concept of sustainability into design concepts and vigorously promoting the use of green buildings in order to significantly improve the resilience to climate change.

During the project construction phase, physical risks such as typhoons, floods and other extreme weather conditions and natural disasters may affect our upstream material production and transportation, causing delays in construction projects. Therefore, before the start of the construction work, we discussed contingency plans with contractors in case of extreme weather events during the construction process. Besides, we have also strengthened our daily efforts to identify hidden hazards and carry out comprehensive inspections of construction facilities to ensure site safety. Furthermore, we have developed safety policies on information communication and hazard investigation to ensure timely sharing of disaster information and further strengthen our climate change response capability.

In addition, when a typhoon or rainstorm is forecast, we will activate the emergency policy in the Staff Handbook and issue an internal notice to all staff to plan ahead for work arrangements in times of extreme weather, for example, staff may leave work early when a typhoon signal or rainstorm warning is expected to be hoisted or issued. Moreover, management will also keep a constant watch on the latest development of extreme weather to ensure the orderly operation of the Company.

In terms of transition risks, we expect to face more stringent environmental protection regulations and stricter climate disclosure requirements from regulators, which will further raise compliance costs and increase the risk of litigation for companies. We will therefore continue to strengthen our compliance management and make timely improvements in line with compliance requirements to improve our environmental management performance.

Greenhouse gas emissions[3]	Unit	2020/2021	2021/2022	2022/2023
Offices – Scope 1	kg CO_2e	–	–	4,741
Offices – Scope 2	kg CO_2e	27,046	20,452	21,813
Offices – Scope 3	kg CO_2e	–	–	5,620

[3] Average regional electricity emissions factors are taken from the Reporting Guidelines for Environmental Key Performance Indicators issued by the Stock Exchange.

5.3 Emissions and regulatory compliance

We place a high priority on the management of emissions. For the purpose of minimising the environmental impact of our own emissions, we have put in place a series of initiatives to ensure that emissions such as air pollution, wastewater and waste generated are properly dealt with. In addition, we are striving to build a green supply chain. We hold regular meetings with the contractors responsible for site operation management to keep track of their activities and monitor their emissions.

As project managers, we are aware of the impact of emissions on the environment and therefore we strictly comply with all applicable environmental laws and regulations and require our main contractors to comply with all Hong Kong legislation and regulations relating to the avoidance of nuisance and pollution, including but not limited to:

- Oil Pollution (Land Use and Requisition) Ordinance (Cap. 247)
- Air Pollution Control Ordinance (Cap. 311)
- Waste Disposal Ordinance (Cap. 354)
- Water Pollution Control Ordinance (Cap. 358)
- Noise Control Ordinance (Cap. 400)

Air emissions

The exhaust gases originate from two main sources: the construction process and office operations. Exhaust emissions from the construction process arise mainly from the combustion of fuel from machinery and mobile generators, and from fine particles from percussion procedures. We require contractors to comply with regulatory requirements on exhaust emissions and to obtain the relevant permits for machinery used on site. Operation emissions are mainly generated from business travel, but in minor quantities. We also strive to reduce our carbon footprint by avoiding unnecessary travel wherever possible.

Waste management

General wastes

General waste mainly comes from our offices. The main component of general waste comes from used paper (e.g. office paper, posters and brochures). To reduce this type of waste, we recycle and reuse the paper that has already been used. In order to further reduce the amount of waste generated in our offices, we adopt electronic communication for the circulation of internal documents such as memorandum and reports instead of printing. In the case of mandatory printing, we choose environmentally friendly paper, such as PEFC[6] paper to reduce the impact of paper on the environment. We also encourage duplex printing and reuse of single-side printed paper. For proper disposal of waste paper, we provide recycling bins to collect used papers, cardboard boxes, packing materials, toner and ink cartridges.

Construction wastes

Construction waste is classified as hazardous waste and non-hazardous waste. For hazardous waste, we work closely with contractors to store and handle hazardous waste at construction sites which is handed over to unified treatment by an organization with the corresponding hazardous waste operation permit and transportation qualification as stipulated to ensure that hazardous waste is disposed of in a compliant manner. For non-hazardous waste, it will be segregated by nature according to government requirements and sent to designated waste disposal facilities for landfill or incineration, etc. as required. We also strictly regulate the waste disposal process, requiring all types of waste to be collected, treated and transported properly to reduce the environmental impact of the entire waste disposal process.

At the same time, we are promoting water-based paints with environmentally friendly properties on construction sites instead of traditional solvent-based paints to reduce waste generation at source. In the year under review, no disposal of hazardous wastes was recorded at our offices.

6 Programme for the Endorsement of Forest Certification.

Regulatory compliance

During the year under review, we were not aware of any material non-compliance with laws and regulations related to environmental emissions in our own business operations and at our construction sites.

Waste disposal (offices)	Unit	2020/2021	2021/2022	2022/2023
Non-hazardous wastes disposed at our offices	kg	678	584	1,219

Waste disposal (construction sites)	Unit	2020/2021	2021/2022	2022/2023
Non-hazardous wastes disposed at our construction sites	kg	4,547	2,070	230
Hazardous wastes disposed at our construction sites	kg	0	2.4	0

5.4 Resources consumption

Rykadan promotes resources conservation and energy consumption reduction in the construction process and our daily operation. We also integrate the concept of sustainability into the whole process of high-quality green building design, construction and operation.

During design phase, we conduct thorough research of the building's surrounding area and incorporate environmental or green design elements into our property development projects where feasible. Wong Chuk Hang and Jaffe Road projects are built with sky gardens to enhance building efficiency and reduce energy costs by absorbing heat rather than attracting it, helping to reduce the urban heat island effect and mitigate storm water run-off in the urban environment. In addition, to advance the green development of the real estate industry, we actively promote green and healthy building certifications.

We are also committed to improving the efficiency of our use of resources. We actively explore a variety of resource-saving options. Examples include the use of water-efficient taps and flush toilets, as well as the use of natural light and efficient lighting (such as LEDs) and energy-efficient appliances.

For our office operations, we have implemented the following management measures to conserve energy and minimise resource consumption:

- idle lights and office equipment are required to be turned off, electronic appliances such as computers and printers should be set to energy-saving modes after a period of inactivity;
- sale brochures, building models and building plans are presented online to minimise printing and transportation, similarly, online database is applied;
- air conditioning temperature is fixed at 25 degrees at office to save energy consumption and extend the service life of the air conditioner;
- energy-efficient and environmentally friendly factors are taken into consideration during the procurement of office equipment and supplies;
- water-saving and energy-efficient tips are posted to heighten employees’ awareness of water and energy conservation;

Use of resources (Offices)	Unit	2020/2021	2021/2022	2022/2023
Use of electricity	kWh	53,032	55,275	55,931
Use of water	m^3	75,916	71,701	65,835

Use of resources (Construction sites)[7]	Unit	2020/2021	2021/2022	2022/2023
Total energy consumption	kWh	989,012	190,482	365,659
Energy consumption intensity	kWh/square feet	5.98	1.22	2.18
Electricity	kWh	144,937	179,654	365,659
Diesel	Litre	79,226	1,083	0
Petrol	Litre	0	0	0
Use of water	m^3	142,182	2,406	629
Water consumption intensity	m^3/square feet	0.86	0.02	0.004

6. COMMUNITY INVESTMENT

As a responsible company that cares for society, Rykadan positively contributes to the needs of society and the community. To encourage our staff to engage in community welfare activities, we have a compensation policy to encourage them to devote themselves to volunteer activities during spare time. In addition, we contribute to charitable causes within our means and integrate the heart of philanthropy into our corporate culture, delivering love and warmth to the community.

During the reporting year, we participated in volunteer activities to contribute to the public good. We continued to focus on groups in need and promote social inclusion. In January 2023, we participated in a magic class programme for the visually impaired run by the Hong Kong Network for the Promotion of Inclusive Society (HKNPIS), putting in a total of 30 hours.

7 The use of resources differs with the construction phase of each project, and with the addition of new projects and completion of existing ones, the yearly figures reported are not directly comparable.

APPENDIX I: ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX

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A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.3	
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A1.5	Description of emissions target(s) set and steps taken to achieve them.	5.2, 5.3	
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A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	5.4	
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	5.4	There is no issue in the sourcing of water that is fit for purpose.
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	–	Packaging material is not considered material to the Group and data is not tracked.
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	Aspects	Section	Remarks
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B5	**Supply Chain Management**	3.3	
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B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	3.3	
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3.3	
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	Aspects	Section	Remarks
B6	**Product Responsibility**	3.1	
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	–	Percentage of total products sold or shipped subject to recalls for safety and health reasons is not considered material to the Group and data is not tracked.
B6.2	Number of products and service related complaints received and how they are dealt with.	3.1	
B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.4	
B6.4	Description of quality assurance process and recall procedures.	3.1	
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	3.1	
B7	**Anti-corruption**	3.2	
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	3.2	
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	3.2	
B7.3	Description of anti-corruption training provided to directors and staff.	3.2	
B8	**Community Investment**	6	
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	6	
B8.2	Resources contributed (e.g. money or time) to the focus area.	6	

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Chan William (陳偉倫先生), aged 48, is an Executive Director, the Chief Executive Officer and the Chairman of the Company. Mr. Chan also serves as the Chairman of the nomination committee. Mr. Chan joined the Group in 2008. He is primarily responsible for overall strategies, planning, business development and implementation of the strategies of the Group. He also holds other directorships in the Company's subsidiaries. Mr. Chan graduated from the University of La Verne, California of the United States with a Bachelor of Business Administration degree in 2000 and a Master of Business Administration degree in 2002. He was a director of the Tung Wah Group of Hospitals (2003/2004), a director of Yan Chai Hospital (35th Term Board of Directors (2002/2003)) and a committee member of the Central and Sai Ying Poon Area Committee of Home Affairs Department of Hong Kong Government for the two years ended 31 March 2006.

Mr. Yip Chun Kwok (葉振國先生), aged 49, is an Executive Director and the Chief Operating Officer of the Company. Mr. Yip joined the Group in 2008. He is responsible for property related investments and business management of the Group. He also holds other directorships in the Company's subsidiaries. Mr. Yip graduated from the University of Hong Kong with a Bachelor of Business Administration degree in 1996. He is a fellow of the Association of Chartered Certified Accountants, an associate of the Hong Kong Institute of Certified Public Accountants, a member of each of the Hong Kong Chartered Governance Institute and the Chartered Governance Institute, a CFA charter holder of the CFA Institute and a member of the Royal Institution of Chartered Surveyors.

Mr. Lo Hoi Wah, Heywood (勞海華先生), aged 40, is an Executive Director and the Chief Financial Officer of the Company. Mr. Lo has joined us since 2012. He is responsible for overseeing the financial planning, accounting and banking activities of the Group, managing new business unit growth and expanding different business. He also holds other directorships in the Company's subsidiaries. Mr. Lo has over 10 years' financial accounting experience in the field of building materials, property development and hospitality. Prior to joining us, he had worked in an international audit firm and held senior finance and management position with a private company. Mr. Lo graduated from the University of Hong Kong with a Bachelor of Business Administration degree in 2005. He also graduated from the Hong Kong Polytechnic University in 2013 with a Master of Corporate Finance. Mr. Lo is a member of the Hong Kong Institute of Certified Public Accountants.

Non-Executive Director

Mr. Ng Tak Kwan (吳德坤先生), aged 69, is a Non-executive Director of the Company. Mr. Ng graduated from the University of Calgary with a Bachelor of Science degree in civil engineering in 1978. Mr. Ng is currently an executive director and the chief executive officer of Sundart Holdings Limited (stock code: 1568), the securities of which are listed on the main board of the Stock Exchange of Hong Kong.

Independent Non-Executive Directors

Mr. Ho Kwok Wah, George (何國華先生), aged 65, was appointed as an Independent Non-executive Director of the Company in February 2010. He also serves as the chairman of the audit committee and the remuneration committee and a member of the nomination committee of the Company. Mr. Ho has over 30 years of experience in accounting and auditing. Mr. Ho is a practicing certified public accountant in Hong Kong and is currently a director of Yong Zheng CPA Limited, Certified Public Accountants. Mr. Ho is also a director of the Hong Kong Commerce and Industry Associations Limited and the Hong Kong Shatin Industries and Commerce Association Limited. Mr. Ho is currently an independent non-executive director of each of Town Health International Medical Group Limited (stock code: 3886) and PuraPharm Corporation Limited (stock code: 1498), the securities of which are listed on the main board of the Stock Exchange of Hong Kong. Mr. Ho was also awarded the Medal of Honour on 1 July 2015 by the HKSAR.

Mr. To King Yan, Adam (杜景仁先生), aged 63, was appointed as an Independent Non-executive Director of the Company in August 2009. Mr. To is also a member of the audit committee and the remuneration committee of the Company. He graduated from the University of London with a Bachelor of Laws degree in 1983. He has been a practicing solicitor of the High Court of Hong Kong since 1986. He is also qualified to practice law in England and Wales and Australia and is a China Appointed Attesting Officer. He is currently a partner of K.B. Chau & Co., a firm of solicitors in Hong Kong with his practice focusing on conveyancing, litigation and corporate finance. Mr. To is currently an independent non-executive director of Vision International Holdings Limited (stock code: 8107), the securities of which are listed on the GEM board of the Stock Exchange of Hong Kong.

Mr. Wong Hoi Ki (黃開基先生), aged 69, was appointed as an Independent Non-executive Director of the Company in August 2009. Mr. Wong is also a member of the audit committee, the remuneration committee and the nomination committee of the Company. He is a Registered Professional Surveyor (General Practice) and has been practicing in the surveying profession for over 40 years. Mr. Wong is a fellow of the Hong Kong Institute of Surveyors. He is the founder and at present the managing director of Memfus Wong Surveyors Limited, an estate surveying firm in Hong Kong.

Senior Management

Mr. Lui Man Kit (呂文傑先生), aged 38, is our Company Secretary and Financial Controller. Mr. Lui has joined us since 2014. He is responsible for overseeing the financial and accounting activities and compliance matters of the Group. Mr. Lui has over 16 years of financial accounting and auditing experience. Prior to joining the Group, he had worked in an international audit firm as audit manager. Mr. Lui holds a Bachelor of Commerce degree in Accounting and Finance from the Curtin University in 2004 and a Master of Laws degree in International and Commercial Law from the University of Greenwich in 2019. He is also a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Mr. Timothy Leung (梁卓斌先生), aged 50, is the Director of Investments and Head of Asset Management of the Group. Mr. Leung joined the Group in 2020 and is responsible for management of the Group's investments including its sourcing, execution and management. He also holds directorship in the Company's subsidiary. Mr. Leung has nearly 20 years of experience in capital markets and asset management. Prior to joining the Group, he was with Credit Suisse Japan in the Real Estate Finance & Securitization Group, as the trader and financial engineer for the Commercial Mortgage Back Securities program and as the Asia head for the Wind Down Group. He began his career at Goldman Sachs in New York in Foreign Exchange supporting FX trading and sales and later in Hong Kong, as an executive director in the Asia Special Situations Group which managed Goldman Sachs' Asia Distressed Debt Fund and the Fixed Income Division's proprietary debt investments. He graduated from the State University of New York at Albany with a Bachelor of Science in Economics in 1995.

The Directors would like to present the annual report and the audited consolidated financial statements for the year ended 31 March 2023.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The activities of its principal subsidiaries are set out in note 38 to the consolidated financial statements.

BUSINESS REVIEW

Discussion and review of the Group's business during the year in accordance with Section 388 and Schedule 5 of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) are provided in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. An analysis of the Group's performance during the year using financial key performance indicators is provided in the section headed "Management Discussion and Analysis" of this annual report. An indication of likely future development of the Group's business can be found in the section headed "Chairman's Statement" of this annual report. All the above sections form part of this report.

KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group recognises that employees, customers, suppliers and business partners are the keys to the sustainable development of the Group. The Group is committed to building a close and caring relationship with its employees and business partners, and improving the quality of services and products to the customers.

Employees are regarded as the most vital and valuable assets of the Group. The Group ensures all staff are reasonably remunerated and also continues to improve and regularly review and update its policies on remuneration and benefits, training, occupational health and safety.

The Group stays connected with its customers and suppliers and has ongoing communication with the customers and suppliers through various channels such as telephone, electronic mails and physical meetings to obtain their feedback and suggestions.

The Group also makes effort to build up and maintain good relationship with various commercial banks as the Group's businesses are capital intensive and require ongoing funding to maintain continuous growth.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to maintaining sustainable working practices and pays close attention to ensure all resources are efficiently utilised. Green office practices are encouraged in the operation of the Group's businesses, such as duplex printing and copying, sending and presenting corporate documents or information to the members of the Board in electronic format, and reducing energy consumption by switching off idle lighting and electrical appliances. Further details can be found in the Environmental, Social and Governance Report.

COMPLIANCE WITH THE APPLICABLE LAWS AND REGULATIONS WHICH HAVE A SIGNIFICANT IMPACT TO THE GROUP

During the year, no non-compliance with the relevant laws and regulations that have a significant impact on the Group was noted. In addition, discussion on the Group's compliance with the Corporate Governance Code (the "CG Code") is included in the Corporate Governance Report. Discussion on the Group's compliance with the relevant environmental and social policies, laws and regulations are included in the Environmental, Social and Governance Report.

RISK MANAGEMENT

Under the Group's internal control and risk management framework, the Board has entrusted the Audit Committee with the responsibility to review the internal control and risk management systems of the Group. The Group is exposed to key risk factors including business risks, operational risks and financial risks.

BUSINESS RISKS

The Group operates mainly in Hong Kong, the People's Republic of China, the United States of America and the United Kingdom. The economic and market conditions including property market sentiment and property values, legislative and regulatory changes, government policies and political considerations in the various regions may have impact on the Group's operating results and financial conditions.

OPERATIONAL RISKS

The Group's operation is subject to a number of risk factors distinctive to property development, property investment and property related businesses. Default on the part of our buyers, tenants and strategic business partners, and inadequacies or failures of internal processes, people and systems or other external factors may have various levels of negative impact on the Group's operation.

FINANCIAL RISKS

The Group is subject to financial risks in the normal course of business. Details are set out in note 3 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2023 are set out in the consolidated income statement and consolidated statement of comprehensive income on pages 50 to 51.

No interim dividend had been declared to the shareholders during the year. The Directors do not recommend the payment of a final dividend for the year ended 31 March 2023.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 120.

An analysis of the Group's results by segment for the year is set out in note 5 to the consolidated financial statements.

OTHER PROPERTIES, PLANT AND EQUIPMENT

Details of movements during the year in the other properties, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

BANK BORROWINGS

Details of bank borrowings are set out in note 26 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 27 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2023 comprised:

	HK$'000
Share premium	400,859
Retained profits	840,854
	1,241,713

Under the Companies Act (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its memorandum and articles of association and provided that immediately following the distribution of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's articles of association, dividends shall be distributed out of the retained profits or other reserves, including the share premium account of the Company.

Details of movements during the year in the share premium and reserves of the Group are set out in the consolidated statement of changes in equity.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors
Mr. CHAN William *(Chairman and Chief Executive Officer)*
Mr. YIP Chun Kwok *(Chief Operating Officer)*
Mr. LO Hoi Wah, Heywood *(Chief Financial Officer)*

Non-executive Director
Mr. NG Tak Kwan

Independent Non-executive Directors
Mr. HO Kwok Wah, George
Mr. TO King Yan, Adam
Mr. WONG Hoi Ki

Notes: Mr. HO Kwok Wah, George, Mr. TO King Yan, Adam and Mr. LO Hoi Wah, Heywood shall retire, and being eligible, offer themselves for re-election at the forthcoming 2023 annual general meeting ("AGM") pursuant to the Company's articles of association.

Pursuant to the code provision A.4.3 of the CG Code, any further appointment of an independent non-executive director serving more than nine years should be subject to a separate resolution to be approved by shareholders. Mr. HO Kwok Wah, George ("Mr. Ho") and Mr. TO King Yan, Adam ("Mr. To") are independent non-executive directors serving the Company since 2010 and 2009, respectively. Mr. Ho and Mr. To have also met the independence guidelines set out in Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") and have made an annual confirmation of independence to the Company. The Board is satisfied that Mr. Ho and Mr. To who served the Company for more than nine years, remain independent, and considers that they would be able to continue to discharge their duties as independent non-executive directors of the Company with their relevant experience and knowledge. Mr. Ho and Mr. To should be re-elected and a separate resolution will be proposed for each of their re-election at the forthcoming AGM.

Information regarding directors' emoluments is set out in note 10 to the consolidated financial statements.

DIRECTORS' PROFILES

Details of the directors' profiles are set out in the section headed "Profiles of Directors and Senior Management" of this annual report.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and has duly reviewed the confirmation of independence of each of these directors. The Company considers that all of the independent non-executive directors are independent.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming AGM has a service agreement with the Company, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

MANAGEMENT CONTRACTS

Save for service contracts with the Directors, no contract by which a person undertakes the management and administration of the whole or any substantial part of the Company's business was entered into or subsisted during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES

Up to the date of this report, the interests and short positions of the directors and chief executive of the Company in shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be (i) notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the directors and chief executive of the Company were deemed or taken to have pursuant to such provisions of the SFO); (ii) entered in the register required to be kept under Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") adopted by the Company were as follows:

Name	Long/Short position	Capacity	Number of shares	Approximate percentage of the issued share capital of the Company (%)
CHAN William	Long	Interest in a controlled corporation (1)	97,104,000	25.86
	Long	Other interest (2)	18,153,211	4.83
	Long	Beneficial owner	33,700,000	8.98
			148,957,211	39.67
NG Tak Kwan	Long	Beneficial owner	63,024,000	16.79
LO Hoi Wah, Heywood	Long	Beneficial owner	64,166	0.02

Notes:

1. Tiger Crown Limited, which beneficially owned 97,104,000 shares of the Company, is 100% owned by Rykadan Holdings Limited which in turn is 100% held by CHAN William. CHAN William is also the sole director of Tiger Crown Limited and Rykadan Holdings Limited.

2. Since Tiger Crown Limited, Scenemay Holdings Limited, CHAN William, LI Chu Kwan and LI Wing Yin are regarded as a group of shareholders acting in concert to exercise their voting rights in the Company and are parties to an agreement under Section 317 of the SFO, pursuant to the provisions of the SFO, each of them is deemed to be interested in the shares of the Company owned by the other parties to the agreement. Hence, CHAN William is also deemed to be interested in the 18,153,211 shares of the Company owned by Scenemay Holdings Limited.

3. All the shares of the Company shown in the table above are ordinary shares.

Save as disclosed above, up to the date of this report, so far as is known to any director and chief executive of the Company, none of the directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have pursuant to such provisions of the SFO), or which were entered in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

Up to the date of this report, so far as is known to the Directors or chief executive of the Company, the interests and short positions of the shareholders (other than the directors or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were entered in the register required to be kept by the Company pursuant to Section 336 of the SFO, were as follows:

Name	Long/Short position	Capacity	Number of shares	Approximate percentage of the issued share capital of the Company (%)
Rykadan Holdings Limited	Long	Interest in a controlled corporation (1) (2)	148,957,211	39.67
Tiger Crown Limited (1)	Long	Beneficial owner	97,104,000	25.86
	Long	Other interest (2)	51,853,211	13.81
			148,957,211	39.67
Scenemay Holdings Limited	Long	Beneficial owner	18,153,211	4.83
	Long	Other interest (2)	130,804,000	34.84
			148,957,211	39.67
LI Chu Kwan	Long	Interest in a controlled corporation (3)	18,153,211	4.83
	Long	Other interest (2)	130,804,000	34.84
			148,957,211	39.67
LI Wing Yin	Long	Interest in a controlled corporation (3)	18,153,211	4.83
	Long	Other interest (2)	130,804,000	34.84
			148,957,211	39.67

Notes:

1. Tiger Crown Limited is 100% owned by Rykadan Holdings Limited which in turn is 100% held by CHAN William. Rykadan Holdings Limited is therefore deemed to be interested in the 97,104,000 shares of the Company beneficially owned by Tiger Crown Limited as well as the 51,853,211 shares of the Company in which Tiger Crown Limited is deemed to be interested as described in Note 2 below.

2. Since Tiger Crown Limited, Scenemay Holdings Limited, CHAN William, LI Chu Kwan and LI Wing Yin are regarded as a group of shareholders acting in concert to exercise their voting rights in the Company and are parties to an agreement under Section 317 of the SFO, pursuant to the provisions of the SFO, each of them is deemed to be interested in the shares of the Company owned by the other parties to the agreement.

3. As the entire issued share capital of Scenemay Holdings Limited is owned by LI Chu Kwan and LI Wing Yin in equal shares, each of LI Chu Kwan and LI Wing Yin is deemed to be interested in the 18,153,211 shares of the Company beneficially owned by Scenemay Holdings Limited.

4. All the shares of the Company shown in the table above are ordinary shares.

Save as disclosed above, up to the date of this report, so far as is known to any director and chief executive of the Company, no other persons or companies had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, or any of its subsidiaries, a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CONNECTED AND RELATED PARTY TRANSACTIONS

Connected Transactions

During the year and up to the date of this report, saved as disclosed below, there were no other transactions which constitute connected transaction or continuing connected transaction that are not exempt from the disclosure requirements under Chapter 14A of the Listing Rules:

1. On 15 September 2022, Rykadan Carlyle South LLC, an indirect wholly-owned subsidiary of the Company, entered into a residential purchase agreement and joint escrow instructions with Century Winner Inc., a company jointly owned by Mr. CHAN William (the Chairman, Chief Executive Officer and an Executive Director of the Company) ("Mr. Chan") and his spouse, in relation to the acquisition of a residential property in the United States of America.

   The transaction was completed on 14 October 2022. Further details of the acquisition are set out in the circular of the Company dated 19 August 2022.

2. On 15 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, (a company jointly owned by Mr. Chan 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.

   The transaction was completed on 17 January 2023. Further details of the disposal are set out in the circular of the Company dated 19 August 2022.

Saved as disclosed above, significant related party transactions entered by the Group during the year, which do not constitute connected transactions or continuing connected transactions under the Listing Rules are disclosed in note 37 to the consolidated financial statements.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACTS

Save as disclosed under related party transactions in note 37 to the consolidated financial statements, no other transactions, arrangement or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

EQUITY-LINKED AGREEMENT

Other than the information disclosed in this directors' report and the consolidated financial statements, no equity-linked agreements were entered into by the Company during the year or subsisted at the end of the financial year under review.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the articles of association of the Company, the Directors of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty, in their respective offices or trusts.

The Company has arranged appropriate directors' liability insurance coverage for the Directors of the Company throughout the year.

COMPETING BUSINESS

During the year, none of the Directors or the controlling shareholders of the Company and their respective associates had any interest in a business, apart from the business of the Group, which competes or may compete with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

EMOLUMENT POLICY

The emolument policy of the employees of the Group was set up by the Remuneration Committee. The emolument of the Directors is decided by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market trends.

RETIREMENT BENEFIT SCHEME

Details of the Group's retirement benefit schemes are set out in note 9 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or applicable laws of the Cayman Islands where the Company is incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors of the Company as at the date of this report, the Company has maintained sufficient public float throughout the year as required under the Listing Rules.

DISCLOSURE PURSUANT TO RULES 13.20 AND 13.22 OF THE LISTING RULES

The information as required to disclose under Rules 13.20 and 13.22 of the Listing Rules in relation to the Company's advances to entities and the financial assistance and guarantees to affiliated companies provided by the Company are as follows:

(a) Advances to entities

As at 31 March 2023, the Company has advanced to Quarella Group Limited ("QGL") loans in an aggregate amount of HK$250,000,000 for the working capital of the QGL, which is non-interest bearing since 1 April 2020 and the interest on loans to QGL of HK$33,116,000. The entire amounts are unsecured and be repayable by written notice demand by the Company.

As at 31 March 2023, an aggregate sum of HK$226,809,000 was advanced by the Group to Fastest Runner Limited for the purpose of acquiring the property located at No. 23 Wong Chuk Hang Road, Hong Kong (the "Property") and financing its development and general working capital. The advance of HK$7,169,000 is interest bearing at 15% per annum, unsecured and repayable on or before 31 December 2023 while the remaining advance is non-interest bearing, unsecured and has no fixed terms of repayment, and was made pro rata to the percentage of shareholding of the relevant subsidiary of the Group in Fastest Runner Limited.

(b) Financial assistance and guarantees to affiliated companies

Pursuant to Rule 13.22 of the Listing Rules, a proforma combined balance sheet of those affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 31 March 2023 are presented as follows:

	HK$'000
Non-current assets	800,207
Current assets	2,297,502
Current liabilities	(3,577,275)
Non-current liabilities	(243,615)
Net liabilities	(723,181)
Share capital	221
Reserves	(723,402)
Capital and reserves	(723,181)

As at 31 March 2023, the Group's attributable accumulated losses in these affiliated companies amounted to HK$201,113,000.

CHARITABLE DONATIONS

During the year, the Group had not made any charitable donation (2022: HK$125,000).

MAJOR CUSTOMERS, SUBCONTRACTORS AND SUPPLIERS

For the year, the five largest customers of the Group accounted for 97% of the Group's total revenue and total revenue from the largest customer included therein accounted for 84%. Capital Universal Investment Limited is one of the five largest customers, and Mr. CHAN William and Mr. YIP Chun Kwok are acting as its directors during the year. Mr. CHAN William is also a representative on the Investment Committee of Rykadan Real Estate Fund LP and Rykadan Real Estate Prospect Fund LP, which are also two of the five largest customers. The aggregate purchase attributable to the five largest suppliers of the Group during the year accounted for 96% of the total purchases of the Group and the largest supplier, namely Century Winner Inc. which is jointly owned by Mr. CHAN William and his spouse, included therein accounted for 74%.

Other than disclosed above, at no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) have an interest in any of the Group's five largest customers or suppliers.

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

The Corporate Governance Report is set out on pages 10 to 17.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Environmental, Social and Governance Report is set out on pages 18 to 36.

AUDITOR

The consolidated financial statements have been audited by PricewaterhouseCoopers, who will retire and, being eligible, offer themselves for re-appointment at our forthcoming AGM.

A resolution to re-appoint PricewaterhouseCoopers as our external auditor will be submitted for shareholders' approval at the forthcoming AGM.

On behalf of the Board
Rykadan Capital Limited
CHAN William
Executive Director and Chief Executive Officer

Hong Kong, 28 June 2023

pwc 羅兵咸永道

To the shareholders of Rykadan Capital Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Rykadan Capital Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 50 to 119, comprise:

- the consolidated statement of financial position as at 31 March 2023;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in our audit is related to impairment of interests in joint ventures.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of interests in joint ventures	
Refer to Notes 4(e) and 17 to the consolidated financial statements. The Group had significant interests in joint ventures, which are accounted for under the equity method. As at 31 March 2023, interests in joint ventures amounted to HK$252,632,000. Interests in joint ventures are subject to impairment assessments when there is an indication of impairment. Management assessed the recoverable amount of interests in joint ventures with the assistance of an independent external valuer (the "External Valuer"). In carrying out the impairment assessments, significant judgements are required to estimate the recoverable amounts of the Group's interest in the joint ventures, taking into consideration the share of the joint ventures' future cash flows, minority discount and the assumptions, including the growth rates used to prepare the joint ventures' cash flow projections, and the discount rates applied to bring the future cash flows back to their present values. Based on the results of the impairment assessments conducted the Group determined that, there is no impairment of the Group's interests in joint ventures. This judgement is based on whether the value in use of the assets exceed the respective carrying amounts. We focused on this area due to the significant management's judgement and assumptions involved in the impairment assessments of interests in joint ventures.	Our procedures to address this key audit matter included: • We understood the management's assessment process of identification of impairment assessments of interests in joint ventures and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud. • We tested the Group's assessments as to whether any indication of impairment exists by reference to the available information in the relevant markets or the Group's approved budgets. • We assessed the competency, capabilities and objectivity of the External Valuer. • We involved our internal valuation experts to review the valuation methodology and discount rates applied by management. • We assessed the reasonableness of key assumptions, including growth rates and discount rates applied, and comparing cash flow projections to supporting evidence, such as approved budgets and external market data, and challenged the judgement and estimates involved in the assessment with the management. • We performed sensitivity analyses on the key assumptions as stated above to assess the potential impact of a range of possible outcomes. Based on the procedures performed, we considered management's judgement and estimates involved in the impairment assessments of interests in joint ventures were supported by available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Sze To Wai.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 June 2023

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2023

	Note	2023 HK$'000	2022 HK$'000
Revenue	*5(a)*	**87,695**	86,942
Cost of sales and services		**(85,142)**	(75,809)
Gross profit		**2,553**	11,133
Other revenue	*6*	**7,565**	9,744
Other net loss	*7*	**(2,022)**	(911)
Selling and marketing expenses		**(4,814)**	(1,522)
Administrative and other operating expenses		**(30,680)**	(24,503)
Loss from operations		**(27,398)**	(6,059)
Decrease in fair value of investment properties	*14*	**(5,916)**	(6,342)
		(33,314)	(12,401)
Finance costs	*11*	**(12,744)**	(5,326)
Share of loss of associates		**(136,780)**	(5,832)
Share of loss of joint ventures		**(9,012)**	(14,598)
Loss before taxation		**(191,850)**	(38,157)
Income tax	*12*	**(372)**	(828)
Loss for the year		**(192,222)**	(38,985)
Attributable to:			
– Equity shareholders of the Company		**(189,329)**	(34,870)
– Non-controlling interests		**(2,893)**	(4,115)
Loss for the year		**(192,222)**	(38,985)
Loss per share	*13*		
Basic and diluted		**(50.4 cents)**	(9.3 cents)

The Notes on pages 55 to 119 are integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	2023 HK$'000	2022 HK$'000
Loss for the year	**(192,222)**	(38,985)
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	**(4,900)**	1,399
	(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	**448**	57
Other comprehensive income for the year	**(9,513)**	3,222
Total comprehensive income for the year	**(201,735)**	(35,763)
Attributable to:		
– Equity shareholders of the Company	**(198,044)**	(31,970)
– Non-controlling interests	**(3,691)**	(3,793)
Total comprehensive income for the year	**(201,735)**	(35,763)

The Notes on pages 55 to 119 are integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	Note	2023 HK$'000	2022 HK$'000
Non-current assets			
Investment properties	14	**158,700**	362,500
Other properties, plant and equipment	15	**34,808**	36,446
Interests in associates	16	**213,489**	330,911
Interests in joint ventures	17	**252,632**	266,072
Financial assets measured at fair value through other comprehensive income	18	**–**	–
		659,629	995,929
Current assets			
Properties for sale	19	**485,088**	399,969
Inventories	20	**2,545**	2,521
Trade receivables	21	**27,957**	21,891
Other receivables, deposits and prepayments	22	**15,387**	60,618
Bank deposits and cash on hand	23	**167,485**	110,143
		698,462	595,142
Current liabilities			
Trade and other payables	24	**13,903**	18,865
Contract liabilities	25	**280**	7,507
Bank loans	26	**216,877**	331,592
Current tax liabilities		**1,217**	1,320
		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	26	**95,922**	–
NET ASSETS		**1,029,892**	1,231,787
CAPITAL AND RESERVES			
Share capital	27	**3,754**	3,754
Reserves	29	**1,032,123**	1,230,167
Total equity attributable to equity shareholders of the Company		**1,035,877**	1,233,921
Non-controlling interests		**(5,985)**	(2,134)
TOTAL EQUITY		**1,029,892**	1,231,787

The consolidated financial statements on pages 50 to 119 were approved by the Board of Directors on 28 June 2023 and were signed on its behalf.

CHAN William	**Lo Hoi Wah, Heywood**
Director	*Director*

The Notes on pages 55 to 119 are integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Note	Share capital HK$'000	Share premium HK$'000	Statutory reserve HK$'000	Translation reserve HK$'000	Actuarial reserve HK$'000	Other reserve HK$'000	Revaluation reserve HK$'000	Fair value reserve (non-recycling) HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2021		3,754	400,859	4,433	(1,769)	(371)	35,440	11,474	(15,850)	839,184	1,277,154	1,659	1,278,813
Changes in equity for the year:													
Loss for the year		–	–	–	–	–	–	–	–	(34,870)	(34,870)	(4,115)	(38,985)
Other comprehensive income		–	–	–	2,850	50	–	–	–	–	2,900	322	3,222
Total comprehensive income		–	–	–	2,850	50	–	–	–	(34,870)	(31,970)	(3,793)	(35,763)
Dividend declared in respect of prior year	*28*	–	–	–	–	–	–	–	–	(11,263)	(11,263)	–	(11,263)
At 31 March 2022 and 1 April 2022		3,754	400,859	4,433	1,081	(321)	35,440	11,474	(15,850)	793,051	1,233,921	(2,134)	1,231,787
Changes in equity for the year:													
Loss for the year		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(189,329)**	**(189,329)**	**(2,893)**	**(192,222)**
Other comprehensive income		**–**	**–**	**–**	**(9,105)**	**390**	**–**	**–**	**–**	**–**	**(8,715)**	**(798)**	**(9,513)**
Total comprehensive income		**–**	**–**	**–**	**(9,105)**	**390**	**–**	**–**	**–**	**(189,329)**	**(198,044)**	**(3,691)**	**(201,735)**
Dividend paid to non-controlling shareholders		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(160)**	**(160)**
At 31 March 2023		**3,754**	**400,859**	**4,433**	**(8,024)**	**69**	**35,440**	**11,474**	**(15,850)**	**603,722**	**1,035,877**	**(5,985)**	**1,029,892**

The Notes on pages 55 to 119 are integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	Note	2023 HK$'000	2022 HK$'000
Cash flows from operating activities			
Cash used in operations	*32(a)*	**(81,452)**	(8,636)
Interest paid		**(12,985)**	(5,418)
Hong Kong Profits Tax paid		**(47)**	–
Overseas tax paid		**(821)**	(1,001)
Net cash used in operating activities		**(95,305)**	(15,055)
Cash flows from investing activities			
Payment for acquisition of assets and liabilities through acquisition of subsidiaries	*36*	**–**	(210,090)
Acquisition of additional interest in an associate		**–**	(15,750)
Purchases of other properties, plant and equipment		**(32)**	(74)
Net cash inflow from disposal of interests in subsidiaries	*35*	**107,591**	–
Advances to joint ventures		**–**	(10,000)
Repayments from/(advances to) associates		**5,242**	(85,124)
Capital contribution to associates		**(38)**	(4,239)
Interest received		**1,622**	583
Net cash generated from/(used in) investing activities		**114,385**	(324,694)
Cash flows from financing activities			
Proceeds from new bank loans	*32(b)*	**183,273**	230,927
Repayments of bank loans	*32(b)*	**(141,105)**	(140,418)
Dividend paid to non-controlling shareholders		**(160)**	–
Dividend paid		**–**	(11,263)
Net cash generated from financing activities		**42,008**	79,246
Net increase/(decrease) in cash and cash equivalents		**61,088**	(260,503)
Effect of foreign exchange rate changes		**(3,746)**	858
Cash and cash equivalents at the beginning of the year		**110,143**	369,788
Cash and cash equivalents at the end of the year	*23*	**167,485**	110,143

The Notes on pages 55 to 119 are integral part of these consolidated financial statements.

1 GENERAL INFORMATION

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 Note 38.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements for the year ended 31 March 2023 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and joint ventures.

2.1 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 preparation of the financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(a) New amendments to HKFRSs adopted by the Group

The Group has applied the following new amendments to HKFRSs that are first effective for the current accounting period of the Group:

HKFRS 3 (Amendments)	Reference to the Conceptual Framework
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds Before Intended Use
HKAS 37 (Amendments)	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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(b) *New and amended standards not yet adopted by the Group*

Certain new and amended standards have been published that are not mandatory for 31 March 2023 reporting periods and have not been early adopted by the Group.

		Effective for accounting period beginning on or after
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	*Disclosure of Accounting Policies*	1 January 2023
HKAS 8 (Amendments)	*Definition of Accounting Estimates*	1 January 2023
HKAS 12 (Amendments)	*Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*	1 January 2023
HKFRS 17	*Insurance Contracts*	1 January 2023
HKFRS 17 (Amendments)	*Amendments to HKFRS 17*	1 January 2023
HKAS 1 (Amendments)	*Classification of Liabilities as Current or Non-current*	1 January 2024
HKAS 1 (Amendments)	*Non-current Liabilities with Covenants*	1 January 2024
HKFRS 16 (Amendments)	*Lease Liability in a Sale and Leaseback*	1 January 2024
Hong Kong Interpretation 5 (Revised)	*Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayments on Demand Clause*	1 January 2024
HKFRS 10 and HKAS 28 (Amendments)	*Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture*	To be determined

The Group is in the process of making an assessment of what the impact of these new and amended standards is expected to be in the period of initial application. The Group does not anticipate the adoption of them to have a significant impact on the Group's results of operations and financial position.

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(a) Business combinations (Continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in profit or loss.

Intra-group balances, transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

(b) Changes in ownership interests in subsidiaries without loss of control

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

(c) Disposal of subsidiaries

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment in the Company's statement of financial position. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

2.3 Associates and joint ventures

An associate is an entity over which the Group has significant influence but not control or joint control over its management, including participation in the financial and operating policy decision.

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

An investment in associate or joint venture is accounted for in the consolidated financial statements using equity method of accounting. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.6.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not re-measured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset in Note 2.10.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Investment properties

Investment properties, principally comprising leasehold land and buildings, are held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. These include land held for a currently undetermined future use and property. Investment properties are initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recognised in profit or loss.

Property that is being constructed or developed as investment property is carried at fair value. Where fair value is not reliably determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the profit or loss during the financial period in which they are incurred.

If an item of other properties, plant and equipment becomes an investment property because its use has changed, any differences resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in other comprehensive income and increase the revaluation reserve within equity. Any resulting increase in the carrying amount of the property is recognised in the profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and changed directly to revaluation reserves within equity. Any resulting decrease in the carrying amount of the property is charged to the profit or loss.

If an item of inventories becomes an investment property that will be carried at fair value is consistent with the treatment of sales of inventories. Any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in profit or loss.

2.5 Other properties, plant and equipment

Other properties, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

– Buildings	Over the shorter of the unexpired term of lease and their estimated useful lives of no more than 50 years
– Leasehold improvements	Over the shorter of the remaining lease term and useful life of 3-10 years
– Furniture, fixtures and equipment	3-7 years

Where parts of an item of other properties, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Other properties, plant and equipment (Continued)

Gains or losses arising from the retirement or disposal of an item of other properties, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

2.6 Impairment of other non-current assets

Assets, including other properties, plant and equipment, investments in subsidiaries in the Company's statement of financial position and investments in associates and joint ventures accounted for under the equity method in the consolidated financial statements, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). These assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2.8 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK$, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rate are generally recognised in profit or loss.

All foreign exchange gains and losses are presented in the consolidated income statement within other net loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Foreign currency translation (Continued)

(iii) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy), that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

2.9 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Leases (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received, and
- any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Lease income from operating leases where the Group is a lessor is recognised as income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

2.10 Investments and other financial assets

(a) *Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Investments and other financial assets (Continued)

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other net loss. Impairment losses are recognised in the consolidated income statement. The Group's financial assets carried at amortised cost comprise trade receivables, other receivables, deposits and prepayments and bank deposits and cash on hand in the consolidated statement of financial position.

Fair value through other comprehensive income ("FVOCI")

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payment of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other net loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other net loss and impairment expenses are presented as separate line item in the consolidated statement of comprehensive income.

Fair value through profit or loss ("FVPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a financial asset that is subsequently measured at FVPL is recognised in profit or loss and presented in other net loss in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in consolidated income statement as other net loss when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other net loss, in consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Investments and other financial assets (Continued)

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.11 Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual or related arrangements.

The Group determines whether it is an agent or a principal in relation to those structured entities in which the Group acts as an asset manager on management's judgement. If an asset manager is agent, it acts primarily on behalf of others and so does not control the structured entity. It may be principal if it acts primarily for itself, and therefore controls the structured entity.

The Group has determined that the investment in real estate funds, which are not controlled by the Group and classified as interests in associates, are unconsolidated structured entities.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position where the Group has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.13 Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value as follows:

(i) Construction and interior decorative materials

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Property development

- Properties under development for sale

  The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised. Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

- Completed properties held for sale

  The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the properties to their present location and condition. In the case of completed properties held for sale developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2.23). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

2.15 Trade and other receivables

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.16 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand and cash at bank and other short-term highly liquid investments with original maturity of three months or less.

2.17 Share capital

Ordinary shares are classified as equity.

2.18 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.19 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transactions costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after reporting date.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Current and deferred tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses and any adjustments to tax payable in respect of previous years.

Current tax

The current tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.21 Employee benefits

(a) *Short term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(b) *Termination benefit*

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable than an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.23 Revenue recognition

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's businesses. Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

The Group's revenue and other income are primarily derived from as follows:

(i) Sales of properties

Revenue arising from the sale of properties developed for sale in the ordinary course of business is recognised when legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under contract liabilities.

When properties are marketed by the Group while the property is still under construction, the Group may offer a discount compared to the listed sales price, provided the customer agrees to pay the balance of the consideration early. In such cases, if the advance payments are regarded as providing a significant financing benefit to the Group, interest expense arising from the adjustment of time value of money will be accrued by the Group during the period between the payment date and the completion date of legal assignment. This accrual increases the balance 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*.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Revenue recognition (Continued)

The Group's revenue and other income are primarily derived from as follows: (Continued)

(ii) Sales of goods

Revenue is recognised when the customer takes possession of and accepts the products. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(iii) Service income

Service income is recognised over time when the relevant services are provided. Service income is recognised net of value added tax.

(iv) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned. Rental income is recognised net of value added tax.

(v) Dividend income

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(vi) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. For impaired loans, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowances).

2.24 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit and loss over the period necessary to match them with the costs that they are intended to compensate.

Further information on how the Group accounts for government grants is set out in note 7.

2.25 Related parties

(1) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Related parties (Continued)

(2) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (1).

(vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Currency risk

The Group is exposed to currency risk primarily through sales and purchases giving rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. currency other than the functional currency of the operations to which the transactions relates. The currencies giving rise to this risk are primarily Euro ("EUR"), United States Dollar ("US$"), Renminbi ("RMB"), British Pound ("GBP"), Singaporean Dollar ("SGD") and Canadian Dollar ("CAD").

The Group currently does not have a foreign currencies hedging policy. However, management of the Group monitors the foreign currencies exposure of each business segment and will consider hedging significant currency risk exposure should the need arise.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities (other than inter-company balances) denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in HK$, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	Exposure to foreign currencies				
	EUR HK$'000	**CAD HK$'000**	**US$ HK$'000**	**GBP HK$'000**	**SGD HK$'000**
At 31 March 2023					
Amount due from an associate	**–**	**–**	**–**	**51,885**	**–**
Bank deposits and cash on hand	**279**	**105**	**42,049**	**3,564**	**985**
Trade and other payables	**–**	**–**	**(18)**	**–**	**–**
	279	**105**	**42,031**	**55,449**	**985**

	Exposure to foreign currencies				
	EUR HK$'000	CAD HK$'000	US$ HK$'000	GBP HK$'000	SGD HK$'000
At 31 March 2022					
Amount due from an associate	–	–	–	54,916	–
Bank deposits and cash on hand	284	111	23,254	3,772	1,863
	284	111	23,254	58,688	1,863

In addition, at 31 March 2023, the Group is exposed to currency risk arising from inter-company receivables/payables amounting to US$55,992,000, RMB9,131,000, CAD1,297,000, GBP1,368,000 and SGD2,663,000 (in aggregate equivalent to HK$456,486,000) (2022: US$75,495,000, RMB9,131,000, CAD1,100,000, GBP1,366,000 and SGD2,871,000 (in aggregate equivalent to HK$608,610,000)) which are not denominated in the functional currency of the relevant companies.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

Exposure to currency risk (Continued)

– Sensitivity analysis

The following table indicates the instantaneous change in the Group's results (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

As HK$ is pegged to US$, the Group does not expect any significant foreign currency exposure arising from the fluctuation of the US$/HK$ exchange rates. As a result, management considers that the sensitivity of the Group's exposure towards the change in foreign exchange rates between US$/HK$ is minimal.

	2023		2022	
	Increase/ (decrease) in foreign exchange rates	**Increase/ (decrease) in post-tax result and retained profits HK$'000**	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in post-tax result and retained profits HK$'000
RMB	**5%**	**435**	5%	470
	(5)%	**(435)**	(5)%	(470)
GBP	**5%**	**2,873**	5%	3,040
	(5)%	**(2,873)**	(5)%	(3,040)
EUR	**5%**	**12**	5%	12
	(5)%	**(12)**	(5)%	(12)
SGD	**5%**	**(619)**	5%	(618)
	(5)%	**619**	(5)%	618
CAD	**5%**	**320**	5%	293
	(5)%	**(320)**	(5)%	(293)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the group entities' results after tax measured in the respective functional currencies, translated into HK$ at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currency of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2022.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent currency risk as the year end exposure does not reflect the exposure during the reporting period.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact resulted from the reasonable possible change in interest rates.

The Group's interest rate risk mainly arises from banks deposits and bank loans at floating interest rates. At 31 March 2023, if interest rates of bank loans had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax results for the year would have been approximately HK$905,000 (2022: HK$1,384,000) lower/higher.

(b) Credit risk

The credit risk of the Group mainly arises from trade receivables, other receivables, deposits and prepayments and bank deposits and cash on hand. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

(i) Risk management

The credit risk of bank deposits and cash on hand is limited because the counterparties are reputable commercial banks which are high-credit-quality financial institutions located in Hong Kong, the People's Republic of China (the "PRC"), the United Kingdom (the "U.K."), the United States of America (the "U.S.A.") and Canada.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

At the end of the reporting period, the Group's largest and the five largest trade receivables represents 45% (2022: 49%) and 99% (2022: 95%) of the total trade receivables respectively, which are within the asset, investment and fund management and distribution of construction and interior decorative materials business segments.

The Group has controls to closely monitor the billing and payment status by communications to minimise the credit risk. The Group also has other monitoring procedures to ensure that follow-up action is taken to recover overdue balances.

The Group regularly reviews the recoverability of each individual trade receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

In addition, for loans and other receivables, the Group performs credit assessments before approving loans to applicants and regularly reviews the recoverability of each individual receivable.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets

The Group has two types of financial assets that are subject to the ECL model:

- trade receivables; and
- other financial assets carried at amortised cost

While bank deposits and cash on hand is also subject to the impairment requirements of HKFRS 9, management considers that the impairment loss is immaterial.

Trade receivables

The Group applies the simplified approach to provide for ECLs prescribed by HKFRS 9, which permits the use of the lifetime expected losses for all trade receivables.

To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Future cash flows for each group receivables are estimated on the basis of historical loss experience, adjusted to reflect the effects of current conditions as well as forward looking information on economic factors affecting the ability of the customers to settle the receivables. Trade receivables in dispute are assessed individually for impairment allowance and determined whether specific provisions are required. Trade receivables are written off when there is no reasonable expectation of recovery.

Other financial assets carried at amortised cost

The Group's other financial assets carried at amortised cost include other receivables, deposits and prepayments in the consolidated statement of financial position. The impairment loss of other financial assets carried at amortised cost is measured based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. Management has closely monitored the credit qualities and the collectability of the other financial assets carried at amortised cost and considers that the ECL is HK$Nil (2022: HK$732,000) at 31 March 2023.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and bank balances, the availability of funding from an adequate amount of committed credit facilities from leading banks and the ability to close out market position.

The Group maintains liquidity by a number of sources including orderly realisation of short-term financial assets, receivables and certain assets that the Group considers appropriate and long-term financing including long-term borrowings are also considered by the Group in its capital structuring. The Group aims to maintain flexibility in funding by keeping sufficient bank balances, committed credit lines available and interest-bearing borrowings which enable the Group to continue its business for the foreseeable future.

The table below analyses the financial liabilities of the Group into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table were based on the contractual undiscounted cash flows and the earliest date the Group can be required to pay. Bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. Balance within 12 months equal their carrying balances as impact at discounting is not significant.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	Within 1 Year or on demand HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total HK$'000	Total carrying amount HK$'000
At 31 March 2023						
Trade and other payables (excluding non-financial liabilities)	**10,316**	**–**	**–**	**–**	**10,316**	**10,316**
Bank loans	**220,742**	**21,042**	**86,144**	**–**	**327,928**	**312,799**
	231,058	**21,042**	**86,144**	**–**	**338,244**	**323,115**
At 31 March 2022						
Trade and other payables (excluding non-financial liabilities)	11,980	162	–	–	12,142	12,142
Bank loans	331,592	–	–	–	331,592	331,592
	343,572	162	–	–	343,734	343,734

The following table summarises the maturity analysis of bank loans, including those subject to repayment on demand clause, based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "within 1 year or on demand" time band in the maturity analysis contained in the above tables. Taking into account the Group's financial position, the directors do not consider that it is probable that the banks will exercise their discretion to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Maturity Analysis – Bank loans, including those subject to repayment on demand clause based on scheduled repayments dates				
	Within 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flow HK$'000
31 March 2023	**71,578**	**153,906**	**112,405**	**6,608**	**344,497**
31 March 2022	66,249	20,709	254,683	14,146	355,787

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group uses internally generated funds and bank loans to finance its operations. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, raise new debt financing or sell assets to reduce debt.

The Group's overall strategy remains unchanged from prior year.

Consistent with others in the industry, the Group monitors capital on the basis of the net gearing ratio. This ratio is calculated as net debt divided by equity attributable to equity shareholders of the Company. Net debt is calculated as total interest-bearing bank loans (including current and non-current bank loans as shown in the consolidated statement of financial position) less unrestricted bank balances and cash.

At 31 March 2023, the net gearing ratio was 14.0% (2022: 17.9%) as the Group has net debt of HK$145,314,000 (2022: HK$221,449,000).

3.3 Fair value estimation

(i) Financial instruments and investment properties carried at fair values

The different levels for analysis of financial instruments carried at fair value, by valuation method are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

- Inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)

- Inputs for the assets and liability that are not based on observable market data (that is, unobservable inputs) (level 3)

Financial assets measured at fair value through other comprehensive income and all investment properties of the Group measured at fair value are categorised as Level 3 in the fair value hierarchy. The Group's policy is to recognise transfers into and transfer out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There was no transfer between Levels 1, 2 and 3 during the year ended 31 March 2023 (2022: None).

(ii) Financial instruments carried at other than fair values

The carrying amounts of the Group's financial assets and liabilities carried at other than fair value are not materially different from their fair values at 31 March 2023 and 31 March 2022.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Interests in unconsolidated structured entities

(a) *The Group's maximum exposure to the unconsolidated structured entities*

As part of its investment activities, the Group invests in unconsolidated structured entities. At 31 March 2023, the Group's total interest in unconsolidated structured entities was HK$22,922,000 (2022: HK$47,310,000) on the Group's statement of financial position. The Group's total interest in unconsolidated structured entities is classified as interests in associates.

At 31 March 2023, a summary of the Group's interest in unconsolidated structured entities is as follows:

	2023 HK$'000	2022 HK$'000
Interests in associates:		
Rykadan Real Estate Fund LP ("RREFLP")	**21,947**	46,007
Rykadan Real Estate Prospect Fund LP ("RREPFLP")	**975**	1,303
	22,922	47,310

The Group's maximum exposure to loss related to the interests in unconsolidated structured entities is HK$22,922,000 (2022: HK$47,310,000).

(b) *Other interests in unconsolidated structured entities*

The Group received management fee in respect of its asset, investment and fund management business. Management fee received for investments that the Group manages, also represent an interest in unconsolidated structured entities. The Group's maximum exposure to loss relates to future management fee income. The table below shows the assets under management of entities that the Group manages and the fees earned from those entities.

	2023 HK$'000	2022 HK$'000
Investment management fee income:		
RREFLP	**6,019**	6,019
RREPFLP	**1,655**	1,655
	7,674	7,674

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the consolidated financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of trade receivables

The Group's management determines the loss allowances for trade receivables based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past event, existing market conditions as well as forward looking estimates at the end of each reporting period.

(b) Assessment of net realisable value for properties under development for sale and completed properties held for sale

Management's assessment of net realisable value of properties under development for sale and completed properties held for sale requires significant management judgement and estimation, in particular in relation to expected future selling prices by reference to recent sale transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales), the expected costs to completion of properties, the legal and regulatory framework and general market conditions. The Group's estimates may be inaccurate, and estimates may need to be adjusted in later periods.

(c) Valuation of investment properties

Investment properties are included in the consolidated statement of financial position at their market values, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably determined at that time. The market value of investment properties is assessed semi-annually by independent qualified valuers, after taking into consideration other available market survey reports and comparable sales evidences as available on the market. The assumptions adopted in the property valuation include market rents and prices of properties with similar characteristic within the vicinity, the appropriate discount rates and expected future market rents, and comparable market transactions.

(d) Determination of control over the structured entities

To determine whether the Group controls the structured entities of which the Group acts as an asset manager, management applies judgement based on all relevant fact and circumstance to determine whether the Group is acting as the principal or agent for the structured entities. If the Group is acting as the principal, it has control over the structured entities in assessing whether the Group is acting as the principal, the Group considers factor such as scope of the asset manager's decision-making authority, rights held by other parties, remuneration to which it is entitled, and exposure to variable returns results from its additional involvement with structured entities. The Group will perform reassessment once the fact and circumstance changes leading to changes in above factors.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(e) Impairment of interests in joint ventures

Investments in joint ventures, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts are determined based on value-in-use calculations or market valuations. These calculations require use of judgements and estimates. Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial position and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charged to profit or loss.

5 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
	86,165	81,852
Revenue from other source		
– Rental income	1,530	5,090
	87,695	86,942

Disaggregation of revenue from contracts with customers by timing of revenue recognition and by geographical markets are disclosed in Note 5(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 approximately HK$74,000,000.

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

5 REVENUE AND SEGMENT REPORTING (Continued)

(a) Revenue (Continued)

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

As at 31 March 2023, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is 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 **HK$'000**	2022 HK$'000
Within one year	**336**	877
After one year but within five years	**–**	314
	336	1,191

(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.

(i) 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 and the U.S.A..

(ii) Property investment

This segment derives its revenue from leasing of premises included in the Group's investment properties portfolio in Hong Kong.

(iii) Asset, investment and fund management

This segment derives its revenue from investing in and managing a portfolio of real estates in Hong Kong.

(iv) Distribution of construction and interior decorative materials

This segment derives its revenue from distribution of stone composite surfaces products in the Greater China region.

5 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

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.

5 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

Segment results

For the year ended 31 March 2023

	Property development HK$'000	Property investment Hk$'000	Asset, investment and fund management HK$'000	Distribution of construction and interior decorative materials HK$'000	Elimination HK$'000	Total HK$'000
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)

5 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

Segment results (Continued)

For the year ended 31 March 2022

	Property development HK$'000	Property investment HK$'000	Asset, investment and fund management HK$'000	Distribution of construction and interior decorative materials HK$'000	Elimination HK$'000	Total HK$'000
Disaggregated by timing of revenue recognition						
Point in time	63,703	–	–	–	–	63,703
Over time	–	538	17,611	–	–	18,149
Revenue from other source	–	5,090	–	–	–	5,090
External revenue	63,703	5,628	17,611	–	–	86,942
Inter-segment revenue	–	3,549	–	–	(3,549)	–
Total	63,703	9,177	17,611	–	(3,549)	86,942
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						(14,598)
Loss before taxation						(38,157)

5 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

Segment assets and liabilities

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

	2023 HK$'000	2022 HK$'000
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
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
Total consolidated assets of the Group	1,358,091	1,591,071
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
Total segment liabilities	148,419	122,278
Other payables	7,280	9,006
Bank loans	172,500	228,000
Total consolidated liabilities of the Group	328,199	359,284

5 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

Other segment information

For the year ended 31 March 2023

	Property development HK$000	Property investment HK$000	Asset, investment and fund management HK$000	Distribution of construction and interior decorative materials HK$000	Segment total HK$000	Unallocated HK$000	Total HK$000
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)

For the year ended 31 March 2022

	Property development HK$000	Property investment HK$000	Asset, investment and fund management HK$000	Distribution of construction and interior decorative materials HK$000	Segment total HK$000	Unallocated HK$000	Total HK$000
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)

5 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

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 HK$'000	2022 HK$'000
Hong Kong	**87,695**	23,239
The People's Republic of China (the "PRC")	**–**	–
The U.S.A.	**–**	63,703
	87,695	86,942

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 HK$'000	2022 HK$'000
Hong Kong	**637,783**	973,979
The PRC	**35**	43
The U.S.A.	**9,512**	9,509
Others	**12,299**	12,398
	659,629	995,929

6 OTHER REVENUE

	2023 HK$'000	2022 HK$'000
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
	7,565	9,744

7 OTHER NET LOSS

	2023 HK$'000	2022 HK$'000
Net foreign exchange loss	(3,608)	(850)
Loss on disposal of other properties, plant and equipment	(24)	(61)
Loss on disposal of interests in subsidiaries (Note 35)	(102)	–
Government grants (Note)	564	–
Others	1,148	–
	(2,022)	(911)

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.

8 EXPENSES BY NATURE

	2023 HK$'000	2022 HK$'000
Auditor's remuneration		
– Audit services	1,338	1,250
– Non-audit services	313	574
Cost of properties for recognised sales	62,353	53,627
Direct cost for management services provided (Note)	18,096	16,307
Depreciation of other properties, plant and equipment (Note 15)	1,641	1,676
Employee benefit expenses (Note 9)	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 (Note 21)	(4,457)	(7,142)
– Other receivables, deposits and prepayments	(419)	–
Impairment losses of:		
– Trade receivables (Note 21)	144	3,507
– Other receivables, deposits and prepayments	–	732
Write-down on:		
– Properties for sales	4,442	4,989
– Inventories	–	2,084

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.

9 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

(a) Employee benefit expenses

	2023 HK$'000	2022 HK$'000
Salaries, wages and other benefits	**32,156**	28,238
Retirement benefit schemes contributions (Note)	**653**	447
	32,809	28,685

Note: The Group operates a mandatory provident fund scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes at the lower of HK$1,500 or 5% of the relevant payroll costs to the scheme per month, which contribution is matched by employees.

The employees of the subsidiaries operated in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. Those subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The U.S.A. subsidiary, which participates in the U.S.A. government benefit schemes, is required to contribute to the schemes for the retirement benefits of eligible employees. The government authorities are responsible for the entire benefit obligations payable to the retired employees. The only obligation of the Group with respect to the schemes is to pay the ongoing contributions required by the schemes. The Group's contributions to the aforesaid defined contribution retirement schemes are calculated either based on certain percentages of the applicable payroll costs or fixed sums that are determined with reference to salary scale as stipulated under the requirements of the respective territories and are charged to the statement of profit or loss as incurred.

(b) Five highest paid individuals

For the year ended 31 March 2023, the five individuals whose emoluments were the highest in the Group include three directors (2022: three directors) whose emolument are reflected in the analysis in Note 10. During the year ended 31 March 2023, the emolument paid/payable to the remaining two individuals (2022: two individuals) is as follows:

	2023 HK$'000	2022 HK$'000
Salaries, wages and other benefits	**3,145**	2,828
Retirement benefit scheme contribution	**36**	36
	3,181	2,864

	Number of individuals 2023	2022
Emolument bands:		
HK$1,000,001 to HK$1,500,000	**1**	2
HK$1,500,001 to HK$2,000,000	**1**	–
	2	2

10 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HONG KONG LISTING RULES)

(a) Directors' emoluments

The remunerations of each director of the Company for the year ended 31 March 2023 are as below:

	Fee	Salary	Discretionary Bonuses (Note (ii))	Allowances and benefits in kind	Employer's contribution of a retirement benefit scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive Directors:						
Mr. Chan William (Note (i))	–	9,870	2,050	–	18	11,938
Mr. Yip Chun Kwok	–	2,190	450	–	18	2,658
Mr. Lo Hoi Wah, Heywood	–	2,070	425	–	18	2,513
	–	14,130	2,925	–	54	17,109
Non-executive Director:						
Mr. Ng Tak Kwan	768	–	–	–	–	768
Independent Non-executive Directors:						
Mr. To King Yan, Adam	216	–	–	–	–	216
Mr. Wong Hoi Ki	216	–	–	–	–	216
Mr. Ho Kwok Wah, George	216	–	–	–	–	216
	648	–	–	–	–	648
Total	1,416	14,130	2,925	–	54	18,525

10 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HONG KONG LISTING RULES) (Continued)

(a) Directors' emoluments (Continued)

The remunerations of each director of the Company for the year ended 31 March 2022 are as below:

	Fee	Salary	Discretionary Bonuses (Note (ii))	Allowances and benefits in kind	Employer's contribution of a retirement benefit scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive Directors:						
Mr. Chan William (Note (i))	–	9,660	1,600	–	18	11,278
Mr. Yip Chun Kwok	–	1,980	320	–	18	2,318
Mr. Lo Hoi Wah, Heywood	–	1,710	300	–	14	2,024
	–	13,350	2,220	–	50	15,620
Non-executive Director:						
Mr. Ng Tak Kwan	768	–	–	–	–	768
Independent Non-executive Directors:						
Mr. To King Yan, Adam	216	–	–	–	–	216
Mr. Wong Hoi Ki	216	–	–	–	–	216
Mr. Ho Kwok Wah, George	216	–	–	–	–	216
	648	–	–	–	–	648
Total	1,416	13,350	2,220	–	50	17,036

Notes:

(i) Mr. Chan William is the executive director and chief executive officer of the Company and his emoluments disclosed above include those for services rendered by him as chief executive officer.

(ii) The discretionary bonus is determined by reference to the performance of the individual directors and the Group and approved by the remuneration committee.

10 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HONGKONG LISTING RULES) (Continued)

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year ended 31 March 2023 (2022: None).

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year ended 31 March 2023 (2022: None).

(d) Consideration provided to third parties for making available directors' services

No consideration was provided to or receivable by any third parties for making available directors' services during the year ended 31 March 2023 (2022: Nil).

(e) Information about loans, quasi-loans and other dealings in favour of the directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans and other dealing arrangements in favour of the directors, controlled bodies corporate by and entities connected with such directors during the year ended 31 March 2023 (2022: Nil).

(f) Directors' material interests in transactions, arrangements or contracts

Apart from those disclosed elsewhere in the consolidated financial statements and the disclosure under the material related party transactions in Note 37, no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 March 2023 (2022: Nil).

11 FINANCE COSTS

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

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

12 INCOME TAX

(a) Taxation in consolidated income statement represents:

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

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.

12 INCOME TAX (Continued)

(b) Reconciliation between tax expense and loss before taxation at applicable tax rates:

	2023 HK$'000	2022 HK$'000
Loss before taxation	(191,850)	(38,157)
Notional tax on loss before taxation, calculated at rates applicable to loss in the countries concerned	(31,860)	(5,817)
Tax effects of:		
Share of loss of joint ventures	1,487	2,407
Share of loss of associates	22,569	962
Non-taxable income	(2,692)	(4,063)
Non-deductible expenses	4,971	6,383
Under-provision in prior year	34	100
Tax losses not recognised	6,708	2,535
Utilisation of tax losses previously not recognised	(1,074)	(1,545)
Others	229	(134)
	372	828

(c) For the year ended 31 March 2023, share of associates' income tax credit of HK$853,000 (2022: income tax expense of HK$19,000) and share of joint ventures' income tax expenses of HK$2,058,000 (2022: HK$1,884,000) are included in the share of loss of associates and share of loss of joint ventures respectively.

13 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.

14 INVESTMENT PROPERTIES

	2023 HK$'000	2022 HK$'000
At valuation:		
At the beginning of the year	**362,500**	158,240
Addition from acquisition of assets through acquisition of subsidiaries (Note 36)	**–**	210,000
Disposal of interests in subsidiaries (Note 35)	**(198,000)**	–
Transfer (Note)	**116**	602
Decrease in fair value of investment properties	**(5,916)**	(6,342)
At the end of the year	**158,700**	362,500

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 26(d)).

Valuation processes

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), an independent firm of surveyors who has among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the locations and categories of the properties being valued.

The board of directors reviews the valuations performed by the independent valuer for financial reporting purposes by verifying all major inputs and assessing the reasonableness of the property valuations. Valuation reports with an analysis of changes in fair value measurement are prepared at each interim and annual reporting date, and are reviewed and approved by the board of directors.

Valuation techniques

The fair value of investment properties in Hong Kong is determined using direct comparison approach by reference to recent sales prices of comparable properties adjusted for a premium or discount specific to the quality of the Group's investment properties. The fair value measurement is correlated to the discount/premium on quality of buildings.

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Range (weighted average)
Investment properties			
– Hong Kong	Direct comparison approach	Discount/ premium on the quality of the building	-5% – 5% (2022: -7% – 5%)

15 OTHER PROPERTIES, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
At cost:				
At 1 April 2021	47,485	7,947	3,511	58,943
Additions	–	–	74	74
Disposals	–	(543)	(110)	(653)
Exchange adjustments	–	25	7	32
At 31 March 2022 and 1 April 2022	**47,485**	**7,429**	**3,482**	**58,396**
Additions	**–**	**–**	**32**	**32**
Disposals	**–**	**–**	**(341)**	**(341)**
Exchange adjustments	**–**	**(23)**	**(11)**	**(34)**
At 31 March 2023	**47,485**	**7,406**	**3,162**	**58,053**
Accumulated depreciation:				
At 1 April 2021	9,991	7,813	3,033	20,837
Charged for the year	1,427	24	225	1,676
Disposals	–	(489)	(103)	(592)
Exchange adjustments	–	22	7	29
At 31 March 2022 and 1 April 2022	**11,418**	**7,370**	**3,162**	**21,950**
Charged for the year	**1,427**	**22**	**192**	**1,641**
Disposals	**–**	**–**	**(317)**	**(317)**
Exchange adjustments	**–**	**(20)**	**(9)**	**(29)**
At 31 March 2023	**12,845**	**7,372**	**3,028**	**23,245**
Net book value:				
At 31 March 2023	**34,640**	**34**	**134**	**34,808**
At 31 March 2022	36,067	59	320	36,446

At 31 March 2023 and 31 March 2022, all buildings are pledged as securities for bank loans (Note 26(d)).

16 INTERESTS IN ASSOCIATES

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

Set out below are associates of the Group at 31 March 2023 which, in the opinion of the directors, are material to the Group. All of which are unlisted corporate entities whose quoted market prices are not available.

Name of entity	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of issued capital held by the Group		Proportion of voting power held at the board of directors		Principal activity
				2023	2022	**2023**	2022	
Fastest Runner Limited ("Fastest Runner") (Note (a))	Incorporated	British Virgin Islands ("BVI")	US$100	**24.2%**	24.2%	**33%**	33%	Investment holding
Dynamic Power Global Limited (Note (a))	Incorporated	BVI	US$1	**24.2%**	24.2%	**33%**	33%	Investment holding
Capital Universal Investment Limited (Note (a))	Incorporated	Hong Kong	HK$10,000,000	**24.2%**	24.2%	**33%**	33%	Property development
RREFLP (Notes (a) and (c))	Limited partnership	Cayman Islands	–	**5.3%**	5.3%	**33%**	33%	Investment holding
RREPFLP (Notes (b) and (d))	Limited partnership	Cayman Islands	–	**1%**	1%	**33%**	33%	Investment holding
Waltz Delight Limited ("Waltz Delight") (Note (b))	Incorporated	BVI	US$1,000	**12.5%**	12.5%	**33%**	33%	Investment holding
Graphite Square Investment Holding Limited ("GSIH) (Note (e))	Incorporated	Hong Kong	HK$212,500	**25%**	25%	**25%**	25%	Investment holding
Vibrant Colour Holdings Limited ("Vibrant Colour") (Note (f))	Incorporated	BVI	US$100	**20%**	N/A	**33%**	N/A	Investment holding

16 INTERESTS IN ASSOCIATES (Continued)

Notes:

(a) Dynamic Power Global Limited and Capital Universal Investment Limited are the wholly-owned subsidiaries of Fastest Runner. The 20% equity interest in Fastest Runner held by the Group is accounted for as interests in associates in the consolidated financial statements using equity method. The remaining 80% equity interest in Fastest Runner is held by RREFLP. Moreover, given that the Group is able to exercise significant influence over RREFLP as the Group has one representative on the Investment Committee which comprised of three members, pursuant to the limited partnership agreement that was entered into by the Group acting as general partner with other limited partners, the 1% equity interest in RREFLP is accounted for as interests in associates in the consolidated financial statements using equity method.

During the year ended 31 March 2021, the Group acquired approximately 2.53% partnership interest in RREFLP at a consideration of HK$17,500,000. Upon completion of the acquisition, the partnership interest in RREFLP held by the Group has increased from 1% to approximately 3.53%. The Group's effective interest in Fastest Runner has therefore increased from approximately 20.80% to approximately 22.82% as a result of the acquisition.

During the year ended 31 March 2022, the Group entered into a subscription agreement pursuant to which it has agreed to increase its capital commitment in RREFLP by HK$15,750,000 (representing approximately 1.73% of the total capital commitments to RREFLP of all partners of RREFLP). Upon completion of the subscription, the partnership interest in RREFLP held by the Group has increased from approximately 3.53% to approximately 5.26%. Accordingly, the Group's effective interest in Fastest Runner has increased from approximately 22.82% to approximately 24.21% as a result of the subscription.

(b) As part of the arrangement between the Group and RREPFLP, in which the Group had 1% equity interest, for the sole purpose of the development of the property located in Wan Chai, Hong Kong, on 26 April 2018, a wholly-owned subsidiary of the Group transferred 88.4% equity interest in Waltz Delight, an indirectly wholly-owned subsidiary of the Company at 31 March 2018, to RREPFLP at a consideration of US$884 (equivalent to approximately HK$6,950). After the transfer of equity interest in Waltz Delight mentioned above, Waltz Delight became an associate of the Group and Waltz Delight had not carried on any business prior to the transfer. The remaining 11.6% equity interest in Waltz Delight is accounted for as interests in associates in the consolidated financial statements using equity method as the Group had power to appoint one out of three directors of Waltz Delight pursuant to the shareholders' agreement. Moreover, given that the Group is able to exercise significant influence over RREPFLP as the Group has one representative on the Investment Committee which comprised of three members, pursuant to the limited partnership agreement that was entered into by the Group acting as general partner with other limited partners, the 1% equity interest in RREPFLP is accounted for as interests in associates in the consolidated financial statements using equity method.

(c) At 31 March 2023, RREFLP's aggregate capital contribution was HK$909,545,000 (2022: HK$909,545,000).

(d) At 31 March 2023, RREPFLP's aggregate capital contribution was HK$149,353,000 (2022: HK$145,506,000).

(e) During the year ended 31 March 2022, Brisk City Developments Limited ("Brisk City"), an indirect wholly-owned subsidiary of the Company, Excel Arrow Limited and Ocean Field Industries Limited which are independent third parties of the Company (collectively, the "Independent Third-party Co-investors"), acquired 25%, 25% and 50% equity interest in GSIH with cash consideration of HK$53,125, HK$53,125 and HK$106,250, respectively. Given that the Group is able to exercise significant influence over GSIH since it has the power to appoint one out of four directors of GSIH pursuant to the shareholders' agreement entered between Brisk City and the Independent Third-party Co-investors, the 25% equity interest in GSIH is accounted for as interests in associates in the consolidated financial statements using equity method. GSIH formed a partnership, Graphite Square LLP, with Graphite Square Holdings Limited, an independent third party, for the sole purpose of developing a property located in the U.K..

(f) Upon completion of the disposal of 80% equity interest in Vibrant Colour and its subsidiaries (collectively the "Vibrant Colour Group") on 17 January 2023 (as detailed in Note 35), 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 Vibrant Colour Group is accounted for as interests in associates in the consolidated financial statements using equity method.

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

16 INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

(h) Summarised financial information of associate

Set out below is the summarised financial information of a material associate, Fastest Runner and its subsidiaries ("Fastest Runner Group") at 31 March 2023, adjusted for any differences in accounting policies of the Group and reconciled to the carrying amounts in the consolidated financial statements.

	Fastest Runner Group	
	2023	2022
	HK$'000	HK$'000
Gross amounts of the associate		
Current assets	**1,803,467**	2,224,304
Non-current assets	**–**	–
Current liabilities	**(2,387,146)**	(2,244,712)
Non-current liabilities	**–**	–
Net liabilities	**(583,679)**	(20,408)
Revenue	**–**	–
Loss for the year	**(563,271)**	(4,663)
Total comprehensive income for the year	**(563,271)**	(4,663)
Reconciled to the Group's interest in the associate		
Gross amounts of consolidated net liabilities of the associate	**(583,679)**	(20,408)
Group's interest held through an indirect wholly-owned subsidiary of the Company	**20%**	20%
Group's share of consolidated net liabilities of the associate	**(116,736)**	(4,082)
Carrying amount in the consolidated financial statements	**(116,736)**	(4,082)
Group's share of associate's loss for the year	**(112,654)**	(933)

(i) Aggregate information of associates that are not individually material:

	2023	2022
	HK$'000	HK$'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**6,764**	34,296
Aggregate amounts of the Group's share of these associates' loss and total comprehensive income for the year	**(24,126)**	(4,899)

17 INTERESTS IN JOINT VENTURES

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

At 31 March 2023, the Group had interests in the following joint ventures, all of which are unlisted corporate entities whose quoted market prices are not available.

Name of entity	Form of business structure	Place of Incorporation and business	Particulars of issued and paid up capital/ registered capital	Proportion of issued capital held by the Group 2023	2022	Principal activity
RS Hospitality Private Limited	Incorporated	Bhutan	BTN239,400,000	50%	50%	Operation of boutique resorts
Quarella Holdings Limited	Incorporated	BVI	US$2	43.5%	43.5%	Investment holding
Quarella Group Limited (Note (a))	Incorporated	Hong Kong	HK$1	43.5%	43.5%	Distribution of construction and interior decorative materials
Q.R.B.G. S.r.L. (Note (a))	Incorporated	Italy	EUR5,000,000	43.5%	43.5%	Manufacturing and distribution of engineered stone composite surfaces products
廈門可維萊石材有限公司 (Notes (a) and (b))	Incorporated	The PRC	RMB100,000,000	43.5%	43.5%	Distribution of construction and interior decorative materials
意特利建材(深圳)有限公司 (Notes (a) and (b))	Incorporated	The PRC	RMB10,000,000	43.5%	43.5%	Distribution of construction and interior decorative materials
Star Wonder Investments Limited (Note (a))	Incorporated	Hong Kong	HK$1	43.5%	43.5%	Investment holding
Quarella Building Materials (Malaysia) Sdn. Bhd. (Note (a))	Incorporated	Malaysia	MYR100	43.5%	43.5%	Distribution of construction and interior decorative materials
RBD Properties LLC (Note (c))	Incorporated	The U.S.A.	–	50%	50%	Property development

17 INTERESTS IN JOINT VENTURES (Continued)

Notes:

(a) These companies are wholly-owned subsidiaries of Quarella Holdings Limited.

(b) These entities are foreign owned enterprise established in the PRC.

(c) According to the operating agreement, the members transfer funds from time to time as a capital contribution. No capital contribution will be required from the members otherwise required by law.

(d) Summarised financial information of joint venture

Set out below is the summarised financial information of a material joint venture, Quarella Holdings Limited and its subsidiaries ("Quarella Group") at 31 March 2023, adjusted for any differences in accounting policies of the Group and reconciled to the carrying amount in the consolidated financial statements.

	Quarella Group	
	2023	2022
	HK$'000	HK$'000
Gross amounts of the joint venture		
Current assets	**470,548**	549,776
Non-current assets	**209,600**	221,102
Current liabilities	**(768,855)**	(829,995)
Non-current liabilities	**(15,517)**	(18,210)
Net liabilities	**(104,224)**	(77,327)
Included in the above assets and liabilities:		
Cash and cash equivalents	**70,614**	22,980
Current financial liabilities (excluding trade and other payables)	**(568,267)**	(569,029)
Non-current financial liabilities (excluding trade and other payables)	**(8,029)**	(18,210)
Revenue	**486,973**	461,070
Loss for the year	**(18,461)**	(27,929)
Other comprehensive income	**(8,436)**	3,091
Total comprehensive income for the year	**(26,897)**	(24,838)
Included in the above loss:		
Depreciation and amortisation	**(15,295)**	(19,567)
Interest income	**191**	144
Interest expense	**(482)**	(478)
Income tax (expense)/credit	**(4,116)**	3,768

17 INTERESTS IN JOINT VENTURES (Continued)

Notes: (Continued)

(d) Summarised financial information of joint venture (Continued)

	Quarella Group	
	2023	2022
	HK$'000	HK$'000
Reconciled to the Group's interest in the joint venture		
Gross amounts of consolidated net liabilities of the joint venture	**(104,224)**	(77,327)
Group's effective interest	**43.5%**	43.5%
Group's share of consolidated net liabilities of the joint venture (effective interest)	**(45,337)**	(33,637)
Non-controlling interests' share of consolidated net liabilities of the joint venture	**(6,775)**	(5,025)
Unrealised profits resulting from transactions between the Group and the joint venture	**(159)**	(239)
Carrying amount in the consolidated financial statements	**(52,271)**	(38,901)
Group's share of joint venture's loss	**(9,151)**	(13,871)

(e) At 31 March 2023, 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 (2022: 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.

(f) Aggregate information of joint ventures that are not individually material:

	2023	2022
	HK$'000	HK$'000
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	**12,337**	12,431
Aggregate amounts of the Group's share of these joint ventures		
Profit/(loss) for the year	**139**	(727)
Other comprehensive income for the year	**(233)**	(90)
Total comprehensive income for the year	**(94)**	(817)

18 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Unlisted equity securities designated at FVOCI (non-recycling)

The unlisted equity securities of HK$15,850,000 are shares in a company incorporated in Hong Kong and engaged in investment holding and rendering of co-working space services. The Group designated this investment at FVOCI (non-recycling) as the investment is held for strategic purposes. The aggregate net fair value loss of HK$15,850,000 was charged to equity in prior years. No dividends were received from this investment during the years ended 31 March 2023 and 31 March 2022.

19 PROPERTIES FOR SALE

	2023 **HK$'000**	2022 HK$'000
Completed properties held for sale	**153,216**	102,157
Properties under development for sale	**331,872**	297,812
	485,088	399,969

(a) Properties for sales of the Group are located:

	2023 **HK$'000**	2022 HK$'000
In Hong Kong	**6,699**	69,167
Outside Hong Kong	**478,389**	330,802
	485,088	399,969

(b) At 31 March 2023, properties under development for sale of HK$292,652,000 (2022: HK$297,813,000) are expected to be completed after more than one year.

(c) At 31 March 2023, properties for sales of HK$192,436,000 (2022: HK$126,722,000) were pledged as securities for bank loans. (Note 26(d)).

20 INVENTORIES

	2023 **HK$'000**	2022 HK$'000
Construction and interior decorative materials:		
Finished goods	**2,545**	2,521

21 TRADE RECEIVABLES

	2023 HK$'000	2022 HK$'000
Trade receivables	**69,290**	71,016
Loss allowance	**(41,333)**	(49,125)
	27,957	21,891

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

	2023 HK$'000	2022 HK$'000
1 – 30 days	**74**	2,814
31 – 60 days	**–**	1,230
61 – 90 days	**–**	387
Over 90 days	**27,883**	17,460
	27,957	21,891

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 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.

The Group applies the HKFRS 9 simplified approach to measuring ECLs which uses a lifetime expected loss allowance for all trade receivables.

Information about the Group's exposure to credit risk can be found in Note 3.1(b).

21 TRADE RECEIVABLES (Continued)

Movements in the loss allowance account in respect of trade receivables is as follows:

	2023 **HK$'000**	2022 HK$'000
At the beginning of the year	**49,125**	51,272
Impairment losses recognised during the year	**144**	3,507
Reversal of impairment loss of trade receivables	**(4,457)**	(7,142)
Uncollectible amounts written off	**–**	(531)
Exchange differences	**(3,479)**	2,019
At the end of the year	**41,333**	49,125

The creation and release of loss allowance for impaired trade receivables was charged to the profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering the amount.

22 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023 **HK$'000**	2022 HK$'000
Deposits and prepayments	**1,901**	2,228
Loans and other receivables	**6,317**	58,390
Loan to an associate (Note)	**7,169**	–
	15,387	60,618

Note: At 31 March 2023, the loan to an associate of HK$7,169,000 is interest bearing at 15% per annum, unsecured and repayable within one year.

23 BANK DEPOSITS AND CASH ON HAND

	2023 **HK$'000**	2022 HK$'000
Cash at banks and on hand	**167,485**	110,143

At 31 March 2023, bank deposits and cash on hand include HK$33,637,000 (2022: HK$31,404,000) which are denominated in RMB, the remittance of which is subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

24 TRADE AND OTHER PAYABLES

	2023 HK$'000	2022 HK$'000
Trade payables	**882**	919
Deposits received from tenants (Note)	**180**	1,028
Other payables and accruals	**12,841**	16,918
	13,903	18,865

Note: Except for certain deposits from tenants of HK$Nil (2022: HK$162,000) at 31 March 2023 which are expected to be settled after more than one year, the remaining balance is expected to be settled within one year.

At 31 March 2023, the ageing analysis of trade payables, based on invoice date, is as follows:

	2023 HK$'000	2022 HK$'000
1 – 30 days	**847**	881
31 – 60 days	**–**	–
61 – 90 days	**–**	–
Over 90 days	**35**	38
	882	919

25 CONTRACT LIABILITIES

	2023 HK$'000	2022 HK$'000
Sales of completed properties		
– Deposit received from sale of properties	**–**	7,400
Asset, investment and fund management services		
– Advanced payments received	**280**	107
	280	7,507

Notes:

(i) The balance is expected to be recognised as income within one year.

(ii) The amounts of revenue recognised during the year ended 31 March 2023 that were included in contract liabilities at 31 March 2022 are HK$7,507,000 (2022: HK$280,000).

25 CONTRACT LIABILITIES (Continued)

Notes: (Continued)

(iii) Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

– Sales of completed properties
The Group receives contract value as deposits from customers when they sign the sale and purchase agreements. These deposits are recognised as contract liabilities until the properties are completed and legally assigned to/accepted by customers. The rest of the consideration is typically paid when legal assignment is completed.

– Assets, investment and fund management services
The Group receives payments from customers according to the services agreements. These advance payments are recognised as contract liabilities until the services are provided to the customers.

26 BANK LOANS

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

	2023 HK$'000	2022 HK$'000
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
	216,877	331,592
Non-current liability		
Bank loans	95,922	–

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

	2023 HK$'000	2022 HK$'000
Portion of bank loans due for repayment within one year	60,108	58,030
Bank loans due for repayment after one year (Notes (f) and (g)):		
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
	252,691	273,562
	312,799	331,592

26 BANK LOANS (Continued)

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

	2023 HK$'000	2022 HK$'000
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$'000	2022 HK$'000
Investment properties (Note 14)	**156,400**	360,200
Buildings (Note 15)	**34,640**	36,067
Properties for sale (Note 19)	**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. Further details of the Group's management of liquidity risk are set out in Note 3.1(c).

27 SHARE CAPITAL

Ordinary shares, issued and fully paid	Number of ordinary shares of HK$0.01 each '000	Share capital HK$'000
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	**375,447**	**3,754**

28 DIVIDENDS

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

	2023 **HK$'000**	2022 HK$'000
Final dividend declared and paid after the end of the reporting period of HK$Nil per share (2022: HK$Nil per share)	**–**	–

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

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

	2023 **HK$'000**	2022 HK$'000
Final dividend in respect of the previous financial year of HK$Nil per share (2022: HK3 cents per share)	**–**	11,263

29 RESERVES

The reconciliation between the opening and closing balances of each component of the Group's reserves is set out in the consolidated statement of changes in equity. Details of the changes in the Company's reserves between the beginning and the end of the year are set out below.

The Company

	Share premium HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2021	400,859	1,025,272	1,426,131
Changes in equity for the year			
Profit and other comprehensive income for the year	–	1,642	1,642
Dividend declared in respect of the previous financial year	–	(11,263)	(11,263)
At 31 March 2022 and 1 April 2022	**400,859**	**1,015,651**	**1,416,510**
Changes in equity for the year			
Loss and other comprehensive income for the year	**–**	**(174,797)**	**(174,797)**
At 31 March 2023	**400,859**	**840,854**	**1,241,713**

Nature and purpose of reserves

(i) Statutory reserve

According to the relevant PRC laws, the PRC subsidiaries are required to transfer at least 10% of its net profit after tax, as determined under the PRC accounting regulation, to a statutory reserve until the reserve balance reaches 50% of the subsidiaries' registered capital. The transfer of this reserve must be made before the distribution of dividend to the subsidiaries' equity owners. The statutory reserve is non-distributable other than upon the liquidation of the subsidiaries.

(ii) Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations and is dealt with in accordance with the accounting policy set out in Note 2.8.

(iii) Other reserve

Other reserve comprises the differences between the consideration and carrying amount of net assets attributable to the addition and reduction of interests in subsidiaries being acquired from and disposed to non-controlling shareholders respectively.

(iv) Revaluation reserve

The revaluation reserve has been set up and is dealt with in accordance with the relevant accounting policy set out in Note 2.4.

(v) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period and is dealt with in accordance with the accounting policy set out in Note 2.10.

30 DEFERRED TAX

(a) Deferred tax (assets)/liabilities recognised:

The movements in deferred tax during the year are as follows:

Deferred income tax (assets)/liabilities	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2021	3,770	(3,770)	–
Addition from acquisition of assets and liabilities through acquisition of subsidiaries	533	(533)	–
Charged/(credited) to profit or loss	697	(697)	–
At 31 March 2022 and 1 April 2022	**5,000**	**(5,000)**	**–**
Disposal of interests in subsidiaries	**(666)**	**666**	**–**
Charged/(credited) to profit or loss	**563**	**(563)**	**–**
At 31 March 2023	**4,897**	**(4,897)**	**–**

(b) Deferred tax assets not recognised:

Deferred tax assets have not been recognised in respect of the following items:

	2023		2022	
	Tax losses HK$'000	**Deferred tax assets HK$'000**	Tax losses HK$'000	Deferred tax assets HK$'000
Hong Kong	**252,010**	**41,582**	235,765	38,901
Outside Hong Kong	**36,782**	**7,618**	32,059	6,272
	288,792	**49,200**	267,824	45,173

The Group has not recognised the deferred tax assets attributable to the future benefit of tax losses sustained in the operations of certain subsidiaries as the availability of future taxable profits against which the assets can be utilised is uncertain at the end of the reporting period. Except for the tax losses arising from the operations in the PRC can be carried forward to offset against taxable profits of subsequent years for up to five years from the year in which they arose and the tax losses arising in tax years ending before 1 January 2018 from the operations in the U.S.A. will be expired in twenty years after the relevant accounting year end date, the remaining tax losses can be carried forward indefinitely and have no expiry date.

(c) Deferred tax liabilities not recognised:

Under the EIT Law and Implementation Regulation of the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of subsidiaries amounting to HK$48,070,000 (2022: HK$55,114,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

31 FINANCIAL INSTRUMENTS BY CATEGORIES

	2023 HK$'000	2022 HK$'000
Financial assets at amortised cost		
Trade receivables	27,957	21,891
Other receivables and deposits	14,426	50,485
Bank deposits and cash on hand	167,485	110,143
	209,868	182,519
Financial liabilities at amortised cost		
Trade payables and other payables	10,316	12,142
Bank loans	312,799	331,592
	323,115	343,734

32 CASH FLOW INFORMATION

(a) Cash used in operations

Reconciliation of loss before taxation to cash used in operations:

	Note	2023 HK$'000	2022 HK$'000
Loss before taxation		**(191,850)**	(38,157)
Adjustments for:			
Decrease in fair value of investment properties		**5,916**	6,342
Depreciation of other properties, plant and equipment	8	**1,641**	1,676
Loss on disposal of interests in subsidiaries	7	**102**	–
Loss on disposal of other properties, plant and equipment	7	**24**	61
Interest income on bank deposits	6	**(1,072)**	(68)
Interest income on loan to a joint venture	6	**(518)**	(515)
Interest income on loan to an associate	6	**(32)**	–
Interest expenses	11	**12,744**	5,326
Share of loss of joint ventures		**9,012**	14,598
Share of loss of associates		**136,780**	5,832
Impairment loss on trade receivables	8	**144**	3,507
Impairment loss on other receivables, deposits and prepayments	8	**–**	732
Reversal of impairment loss on trade receivables	8	**(4,457)**	(7,142)
Reversal of impairment loss on other receivables, deposits and prepayments	8	**(419)**	–
Write-down on inventories	8	**–**	2,084
Write-down on properties for sale	8	**4,442**	4,989
Exchange loss/(gain)		**2,761**	(2,427)
Operating loss before changes in working capital		**(24,782)**	(3,162)
Changes in working capital:			
Increase in properties for sale		**(88,349)**	(865)
(Increase)/decrease in trade receivables		**(1,852)**	18,730
Decrease/(increase) in other receivables, deposits and prepayments		**42,546**	(14,820)
Decrease in trade and other payables		**(1,788)**	(8,347)
Decrease in contract liabilities		**(7,227)**	(172)
Cash used in operations		**(81,452)**	(8,636)

32 CASH FLOW INFORMATION (Continued)

(b) Reconciliation of liabilities arising from financing activities

	Bank loans HK$'000
At 1 April 2021	240,991
Changes from financing cash flows:	
Proceeds from new bank loans	230,927
Repayments of bank loans	(140,418)
Total changes from financing cash flows	90,509
Exchange adjustments	92
Other changes:	
Interest expenses (Note 11)	5,326
Capitalised borrowing costs (Note 11)	92
Interest paid	(5,418)
Total other changes	–
At 31 March 2022 and 1 April 2022	331,592
Changes from financing cash flows:	
Proceeds from new bank loans	**183,273**
Repayments of bank loans	**(141,105)**
Total changes from financing cash flows	**42,168**
Exchange adjustments	**149**
Other changes:	
Disposal of interests in subsidiaries (Note 35)	**(61,110)**
Interest expenses (Note 11)	**12,744**
Capitalised borrowing costs (Note 11)	**241**
Interest paid	**(12,985)**
Total other changes	**(61,110)**
At 31 March 2023	**312,799**

33 COMMITMENTS

At 31 March 2023, capital commitments outstanding and not provided for in the financial statements were as follows:

	2023 HK$'000	2022 HK$'000
Authorised but not contracted for	**934,582**	1,023,264
Contracted for	**51,677**	69,501
	986,259	1,092,765

The above commitments include mainly the construction related costs to be incurred in respect of the Group's development properties in various locations.

34 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.

As at 31 March 2023 and 2022, the Group did not recognise any liabilities in respect of each corporate financial guarantees as the amounts of loss allowance estimated under the expected credit loss model were insignificant.

35 DISPOSAL OF INTERESTS 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 Habour 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 16).

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

	HK$'000
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)
Net liabilities disposed of	(17,030)

	HK$'000
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)
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)
Loss on disposal of interests in subsidiaries	(102)

	HK$'000
Total consideration received	110,376
Bank deposits and cash disposal of	(2,683)
Costs directly attributable to the disposal paid	(102)
Net cash inflow on the disposal	107,591

36 ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

On 27 July 2021, Vibrant Colour, a former indirect wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with an independent third party for the purpose of acquiring 100% equity interests in Glorious Creation Limited ("GCL") and its subsidiary, Max Grand Properties Limited (collectively referred to as the "GCL Group") at a consideration of approximately HK$210,090,000 including the consideration for the purchase of the shareholder's loan owed by GCL to the vendor of approximately HK$71,822,000. The acquisition has been accounted for using the acquisition method. Max Grand Properties Limited is a property investment holding company and its major asset is its legal and beneficial interest in a residential property in Hong Kong.

The Group has fully settled the consideration and the acquisition was completed on 27 January 2022.

The net assets of GCL Group as at the date of acquisition were as follows:

	HK$'000
Investment property	210,000
Other receivables, deposits and prepayments	90
Net assets acquired	210,090
Satisfied by	
Cash consideration paid and net cash outflow	(210,090)

In the opinion of the directors of the Company, the acquisition did not constitute a business combination in accordance with HKFRS 3, *Business combinations*, as the major underlying asset to be acquired through the acquisition is the investment property located in Hong Kong for earning potential rental income. Therefore, the acquisition has been accounted for as an acquisition of assets and liabilities through acquisition of subsidiaries.

37 RELATED PARTY TRANSACTIONS

(a) Apart from disclosed elsewhere in the consolidated financial statements, the Group had entered into the following significant transactions with the related parties during the year:

	2023 HK$'000	2022 HK$'000
Investment management fee income from associates	**7,674**	7,674
Project management fee income from associates	**3,304**	8,878
Management fee income from a joint venture	**420**	420
Rental and building management fee income from an associate	**–**	561
Rental deposit received from an associate	**–**	80
Trade receivables from associates, net of loss allowance	**27,064**	20,368
Purchase of properties held for sales from a related company (Note)	**114,011**	–

Note: A director of the Company is also a director of this entity. Such transaction constituted connected transactions as defined in Chapter 14A of the Listing Rules.

(b) Compensation of key management personnel

The remuneration of key management personnel of the Group during the year is as follows:

	2023 HK$'000	2022 HK$'000
Salaries and short-term employee benefits	**20,705**	19,073
Post-employment benefits	**108**	108
	20,813	19,181

Total remuneration is included in employee benefit expenses (see Note 9(a)).

38 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2023 HK$'000	2022 HK$'000
Non-current assets		
Investments in subsidiaries	**47,559**	42,259
Amount due from a joint venture	**283,116**	283,116
Right-of-use assets	**1,728**	–
	332,403	325,375
Current assets		
Other receivables, deposits and prepayments	**772**	785
Amounts due from subsidiaries	**1,072,508**	1,256,869
Bank deposits	**56,157**	44,571
	1,129,437	1,302,225
Current liabilities		
Payables and accruals	**2,125**	1,801
Amounts due to subsidiaries	**39,985**	40,535
Bank loans	**172,500**	165,000
Lease liability	**1,763**	–
	216,373	207,336
Net current assets	**913,064**	1,094,889
NET ASSETS	**1,245,467**	1,420,264
CAPITAL AND RESERVES		
Share capital	**3,754**	3,754
Reserves	**1,241,713**	1,416,510
TOTAL EQUITY	**1,245,467**	1,420,264

The financial statements were approved by the Board of Directors on 28 June 2023 and were signed on its behalf.

CHAN William
Director

Lo Hoi Wah, Heywood
Director

38 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

Name of company	Place of incorporation and business	Class of shares held	Fully paid-up issued/registered capital	Proportion of issued capital/ registered capital held by the Company 2023	2022	Principal activities
Power City Investments Limited*	Hong Kong	Ordinary	HK$47,599,891	**59.1%**	59.1%	Investment holding
Joint Champ International Limited	BVI	Ordinary	US$100	**87%**	87%	Investment holding
Wonder Ace Investments Limited*	Hong Kong	Ordinary	HK$1	**100%**	100%	Property development
Prime Talent Development Limited*	Hong Kong	Ordinary	HK$1	**100%**	100%	Property holding
Win Expo Enterprises Limited*	Hong Kong	Ordinary	HK$1	**100%**	100%	Property holding
Keen Virtue Group Limited	BVI	Ordinary	US$1	**100%**	100%	Investment holding
Apex Wealth International Limited*	BVI	Ordinary	US$1	**100%**	100%	Investment holding
Colorise Development Limited*	Hong Kong	Ordinary	HK$1	**100%**	100%	Investment holding
Rykadan Management Services Limited*	Hong Kong	Ordinary	HK$1	**100%**	100%	Provision of management services
Rykadan Capital Asset Management Limited*	Hong Kong	Ordinary	HK$1	**100%**	100%	Provision of asset management services
RKD Capital Limited (formerly known as Rykadan Capital Management Limited)	Hong Kong	Ordinary	HK$12,000,000	**100%**	100%	Provision of asset management services
Rykadan Project Management Limited*	Hong Kong	Ordinary	HK$1	**100%**	100%	Provision of project management service
Rykadan 001 LLC*	The U.S.A.	Capital contribution	US$100	**100%**	100%	Property development
Rykadan 005 LLC*	The U.S.A.	Capital contribution	US$100	**100%**	100%	Property development
MP Property One LLC*	The U.S.A.	Capital contribution	US$100	**100%**	100%	Property development
Rykadan Carlyle South LLC*	The U.S.A.	Capital contribution	US$10,000	**100%**	100%	Property development
Triple-I Capital Partners Limited*	Canada	Ordinary	CAD6,000,000	**100%**	100%	Investment holding
Integrity International Investment Limited*	Hong Kong	Ordinary	HK$1	**100%**	100%	Provision of management services

38 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. (Continued)

Name of company	Place of incorporation and business	Class of shares held	Fully paid-up issued/registered capital	Proportion of issued capital/ registered capital held by the Company 2023	2022	Principal activities
Q-Stone Building Materials Limited*	Hong Kong	Ordinary	HK$10,000	**87%**	87%	Distribution of construction and interior decorative materials
格利來建材(北京)有限公司*#	The PRC	Registered capital	RMB7,000,000	**87%**	87%	Distribution of construction and interior decorative materials
格利來建材(深圳)有限公司*#	The PRC	Registered capital	RMB8,000,000	**87%**	87%	Distribution of construction and interior decorative materials

* These entities are indirectly held by the Company.

These entities are foreign-owned enterprises established in the PRC.

FINANCIAL SUMMARY

RESULTS

	Year ended 31 March				
	2019 HK$'000	2020 HK$'000	2021 HK$'000	2022 HK$'000	**2023** **HK$'000**
Revenue	881,095	110,677	168,157	86,942	**87,695**
Profit/(loss) for the year	322,641	(84,940)	31,410	(38,985)	**(192,222)**
Profit/(loss) for the year attributable to:					
Equity shareholders of the Company	329,957	(77,319)	4,500	(34,870)	**(189,329)**
Non-controlling interests	(7,316)	(7,621)	26,910	(4,115)	**(2,893)**
	322,641	(84,940)	31,410	(38,985)	**(192,222)**

ASSETS AND LIABILITIES

	As at 31 March				
	2019 HK$'000	2020 HK$'000	2021 HK$'000	2022 HK$'000	**2023** **HK$'000**
Total assets	2,024,317	1,803,697	1,548,681	1,591,071	**1,358,091**
Total liabilities	554,883	462,919	269,868	359,284	**328,199**
	1,469,434	1,340,778	1,278,813	1,231,787	**1,029,892**
Equity attributable to equity shareholders of the Company	1,439,286	1,323,385	1,277,154	1,233,921	**1,035,877**
Non-controlling interests	30,148	17,393	1,659	(2,134)	**(5,985)**
	1,469,434	1,340,778	1,278,813	1,231,787	**1,029,892**