RYKADAN CAPITAL LIMITED
宏基資本有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code : 2288)

Annual Report 2014

Corporate Information

BOARD OF DIRECTORS

Executive Directors

CHAN William *(Chairman and Chief Executive Officer)*
NG Tak Kwan
YIP Chun Kwok *(Chief Financial Officer)*

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

YEUNG Man Yan, Megan

AUDITORS

KPMG

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
Hang Seng Bank
China Guangfa Bank Co., Ltd.

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

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road
George Town
Grand Cayman, KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

2288

COMPANY'S WEBSITE

www.rykadan.com

INVESTOR RELATIONS CONTACT

Instinctif Partners
Room B, 21/F, Pico Tower
66 Gloucester Road
Wan Chai
Hong Kong

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William Chan, Chairman and Chief Executive Officer

> Our investment strategy is continuing to grow asset values, achieve stable yields and exit within a three to five year horizon for capital gain.

Dear shareholders,

I am delighted to present you with the annual report for Rykadan Capital Limited ("Rykadan Capital" or the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 March 2014.

The year under review saw, in many ways, the completion of our transformation into an investment holding company after we booked revenue from our first real estate development project, Rykadan Capital Tower, a landmark 25-storey commercial building in Kwun Tong, Hong Kong's emerging second CBD.

Building on this success, we have continued to develop our investment portfolio, focusing primarily on high potential investments in the real estate sectors.

In the second half of 2013, we formed Rykadan Hospitality Investments Pte Ltd. ("Rykadan Hospitality"), a Singapore-based subsidiary, spearheaded by a highly experienced management team. Its purpose is to scope out attractive opportunities in the areas of hospitality and tourism in both developing and developed markets.


Dhensa Boutique Resorts

One such market is Bhutan, a relatively untouched tourism market in the heart of the Himalayas that is starting to generate significant pull among high-end travelers. In March 2014, we launched the Dhensa Punakha, a luxury 24-suite boutique resort in the country's stunning Punakha Valley. It is the first of a number of luxury resorts, villas and other hospitality projects we are planning in Asia and Europe in the coming years, as we seek to capture opportunities arising from the record numbers of people choosing to travel globally. We are highly optimistic about the long-term prospects of the sector.

We also continue to hold a positive view towards about the long-term prospects of the real estate industry, despite lingering concerns about the health of the property market in Hong Kong and the People's Republic of China ("PRC"), a potential rise in global interest rates and interest rate deregulation in the PRC.

In the area of property development, we have commenced construction of our second real estate development project, a 25-storey mixed boutique luxury apartment and commercial property on Kwun Chung Street in Kowloon's Jordan district, close to the planned terminus of the Guangzhou–Shenzhen–Hong Kong Express Rail Link. We also oversaw a valuation gain to our commercial business park asset in Shanghai and are also proactively seeking attractive investment opportunities in overseas high-yield markets such as London and certain parts of the United States.

We have also continued to manage and progress our earlier investments in asset management, education and construction and interior decorative materials distribution sectors with a view of exiting some of these investments at a later stage.

Looking forward, we will continue to invest in our team and highly experienced business partners to identify promising investment opportunities and to move our existing investments forward in order to maximise returns for our shareholders.

On behalf of the board of directors (the "Board"), I would like to take this opportunity to express my sincere thanks to our shareholders, staff, business partners and management team for their strong encouragement and support over the previous year, as well as for their continuing support for the Group.

William Chan
Chairman and Chief Executive Officer

Hong Kong, 25 June 2014

Overview

The year ended 31 March 2014 has been challenging due to the introduction of various government stamp duties measures in Hong Kong, resulting in stagnation in the market on both the residential and commercial property. At the same time, the policies on the property market in the PRC are still uncertain after the transition of government leadership in the PRC. Despite these challenges, the Group is confident that the Group will be able to pursue and secure high potential investments in real estate sectors from this uncertain market condition by utilizing its abundant cash balance and accelerate the growth of the Group in the coming years. The Group invests with a view of growing asset values, achieving stable yields and exiting within a three to five year horizon.

During the year, the Group's investments included commercial and residential property developments in Hong Kong and the PRC. It has also holds investments in companies operating in the areas of asset, investment and fund management; hospitality; education; fitting-out, as well as in the distribution of construction and interior decorative materials.

As at 31 March 2014, the Group's total assets were valued at HK$2,205 million (2013: HK$2,092 million), of which HK$1,460 million (2013: HK$1,713 million) were current assets, approximately 2.5 times (2013: 1.8 times) of current liabilities. Equity attributable to the owners of the Company was HK$1,238 million (2013: HK$865 million).

Overall Performance

During the year ended 31 March 2014, the Group recorded consolidated revenue of HK$2,201 million, up 1,307.3% compared to the previous year (2013: HK$156 million), after the Group booked revenue from the sale of 19 floors of Rykadan Capital Tower. As a result, gross profit for the year rose to HK$1,069 million, up 2,445.9% (2013: HK$42 million), while gross profit margin for the year was 48.6% (2013: 26.8%).

The net profit for the year for continuing operations was HK$752 million, compared to a loss of approximately HK$29 million in the previous year. The rise in net profit was mostly attributed to revenue booked from the sale of Rykadan Capital Tower of HK$1,940 million (2013: Nil), as well as a revaluation surplus on investment property of HK$55 million (2013: Nil). Excluding the revaluation surplus, net profit of continuing operations for the year would be HK$697 million. The profit for the year attributable to the equity shareholders of the Company was HK$422 million (2013: HK$138 million) and the basic earnings per share for the year ended 31 March 2014 was HK 88.4 cents (2013: HK 28.9 cents).

The board declared a final dividend per share of HK 32 cents (2013: HK 5 cents). Combined with the interim and special dividends per share already declared of HK 5 cents (2013: HK 5 cents) and nil (2013: HK 35 cents) respectively, total dividends for the year is HK 37 cents (2013: HK 45 cents).

Material Acquisitions and Disposals

No material acquisitions and disposals occurred during the year.

Investment Portfolio

As at 31 March 2014, the Group had bank deposits and cash of approximately HK$958 million (2013: HK$230 million), representing 43.4% (2013: 11.0%) of the Group's total assets.

The following table shows the Group's investments as at 31 March 2014.

Real estate investments

Investment	Location	Type	Group interest	Status as of 31/3/2014	Total gross floor area	Attributable gross floor area
2702, 2802 and various car parking spaces of Rykadan Capital Tower	135 Hoi Bun Road, Kwun Tong, Kowloon	Commercial property	100%	Completed (Classified as properties for sale)	13,467 square feet	13,467 square feet
Kailong Nanhui Business Park	An industrial complex located at No. 2300 Xuanhuang Road, Huinan County, Pudong New District, Shanghai, PRC	Commercial property	61.24%	Refurbishment complete, being marketed to tenants	52,304 square metres	32,031 square metres
Kwun Chung Street Property Project	Kowloon Inland Lot No. 11229	Residential/ commercial property	80% (Subsequent to the year end, the Group acquired remaining 20% of interest from non-controlling shareholder and wholly-owns the project)	Under construction	25,305 square feet	20,244 square feet (The attributable gross floor area become 25,305 square feet after the Group wholly-owned the project)

Venture capital investments

Investment	Business/type	Group interest
Wing Lok Innovative Education Organization Corporation	Educational software developer, educational publication content provider and pre-school learning centre service provider	51%

Other investments

Investment	Business/type	Group interest
Kailong REI Project Investment Consulting (Hong Kong) Co. Limited	Asset, investment and fund management	39.74%
Q-Stone Building Materials Limited	Distribution of stone composite surfaces products	100%
Rykadan Hospitality Investment Pte. Ltd.	Investment in high potential hospitality and tourism related assets, including hotels and resorts, attractions, food and beverage businesses, and hospitality service training and education	100%
RS Hospitality Private Limited	A joint venture of operating 24-suite boutique resort in Bhutan	50%
Sundart Holdings Limited	Fitting-out contractor	15%

Summary of investments

Rykadan Capital Tower

Located in the heart of Kwun Tong, Hong Kong's emerging second CBD, Rykadan Capital Tower is a 25-storey commercial tower with a gross floor area of 252,820 square feet, overlooking Victoria Harbour and within walking distance of the MTR. It is the Group's first real estate development project and also its first investment entered into under a co-investment model, with Secured Capital co-investing in the project in 2011.

In November 2012, the Group pre-sold all available floors for a total of approximately HK$1.94 billion, while retaining two floors for its own use and for potential rental income. The Group obtained all necessary permits on 31 December 2013 and revenue of HK$1.94 billion was recorded upon assignment of floors and car parking spaces in January 2014.

Rykadan Capital Tower has incurred operating profit before taxation and finance costs of HK$922 million during the year.

Kailong Nanhui Business Park

In August 2013, the Group completed the acquisition of the Kailong Nanhui Business Park.

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

The Group expects that given time, the site will generate stable rental returns as demand for office space increases with the development of the Shanghai Free Trade Zone and following the extension of the Shanghai metro to the area. The Group is currently targeting large, quality tenants and will consider off-loading the buildings at a later stage.

As at 31 March 2014, around 8% of the park had been leased. The Group booked a valuation gain of HK$55 million on the property as at 31 March 2014.

Kwun Chung Street Property Project

The Group plans to construct a 25-storey tower with a total gross floor area of approximately 25,305 square feet on Kwun Chung Street in Kowloon's Jordan district, located near the planned terminus of the Guangzhou–Shenzhen–Hong Kong Express Rail Link. The planned building will primarily consist of boutique luxury apartments, with lower floors equal to approximately 4,670 square feet for commercial use. The Group plans to sell the entire building upon completion of the project, expected in 2016.

Subsequent to the year end, the Group acquired the remaining 20% of the issued shares from the non-controlling shareholder and the Group wholly-owns Kwun Chung Street Property Project and hence can have more flexibility in the decision making process concerning matters relating to the development of the Kwun Chung Street Property.

Wing Lok Innovative Education Organization Corporation ("Wing Lok")

Wing Lok is the Group's first venture capital investment. It is an educational software developer, educational publication provider and pre-school learning centre service provider.

Wing Lok's business is underpinned by its "App Learning" program, which was rolled out to pre-schools in Hong Kong and the PRC in late 2013. The program uses tablet computers and a suite of 1,200 educational apps to encourage class, group, and independent learning.

Wing Lok has incurred operating loss before taxation and finance costs of HK$19 million during the year. The operating loss is mainly due from the production cost for apps amounted at HK$8 million.

Kailong REI Project Investment Consulting (Hong Kong) Co. Limited ("KLR Hong Kong")

KLR Hong Kong is a leading player in the PRC's real estate investment, asset management and fund management market. It provides comprehensive asset management services for foreign and local property investors, as well as its own Renminbi ("RMB") real estate funds and an offshore United States Dollar ("USD") real estate fund.

As of 31 March 2014, KLR Hong Kong held investments in, and provided asset management services for ten real estate projects in Shanghai and Chengdu. KLR Hong Kong also manages two real estate funds in Suzhou, with total capital of RMB799 million and has invested in around RMB1,963 million worth of property. It has also completed its first offshore USD real estate fund during the year, with total capital of US$100 million, which will invest in PRC real estate assets, as well as Hong Kong commercial real estate assets.

KLR Hong Kong has incurred operating profit before taxation and finance costs of HK$54 million during the year.

Q-stone Building Materials Limited ("Q-Stone")

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

Q-Stone maintains an order book, with contracts worth HK$142 million to be completed in the coming year. Q-Stone has renewed its exclusive distribution agreement with Quarella for another five years.

Q-Stone has incurred gross profit and operating loss before taxation and finance costs of HK$44 million and HK$3 million respectively during the year, the operating loss is mainly due from the expenses related to equity settled share-based payment transactions granted to an independent consultant amounted at HK$6 million and a provision for doubtful debt amounted at HK$17 million during the year. The provision for doubtful debts is mainly made on one customer which is currently facing financial difficulty.

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

Rykadan Hospitality is the Group's recently formed hospitality investment and management services arm, based in Singapore, and is a wholly-owned subsidiary of the Group.

While still in the initial investment stage, the Group invests in high potential hospitality and tourism related assets, including hotels and resorts, attractions, food and beverage businesses, and hospitality service training and education.

In March 2014, Rykadan Hospitality officially opened its first resort in Bhutan's Punakha Valley, an emerging high-end tourism destination, under the new Dhensa Boutique Resorts brand. The Punakha Valley's resort is held by a joint venture with a local partner in Bhutan. Feedback from the market in the first few months of the resort's operation has been positive and the Group has been satisfied with its performance. The 24-suite boutique resort is the first of a pipeline of luxury resorts, villas and other hospitality projects in Asia and Europe.

Rykadan Hospitality has incurred operating loss before taxation and finance costs of HK$10 million during the year.

Sundart Holdings Limited

A leading fit-out contractor in Hong Kong and Macau, Sundart Holdings Limited has continued to win new projects throughout the year, while further expanding in the PRC market by leveraging on the well-established connections of Beijing Jangho.

Outlook

The Group remains optimistic about the prospects of its business, as global economic conditions steadily improve. Although slowing economic growth in the PRC and stagnation in the Hong Kong property market may impact some of the Group's investments in the short-term, it continues to see strong long-term value in Hong Kong and the PRC real-estate markets, particularly in prime city such as Shanghai.

The Group is currently evaluating investment opportunities in overseas commercial and residential real estate assets, particularly in London and certain parts of the United States, in order to achieve sustainable returns and reasonable capital gains for shareholders. It will also continue to leverage and invest in the experience of its management team and business partners to support its future performance and materialise its investments in a timely manner to unlock value.

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and Financial Resources

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

As at 31 March 2014, the Group's total debt (representing total interest-bearing bank borrowings) to total assets ratio was 14.7% (2013: 19.2%). The gearing ratio (net debt, as defined by total debts less unrestricted bank balances and cash, to equity attributable to equity shareholders of the Company) was Nil (2013: 19.8%) as the Group has net cash of HK$635 million as at 31 March 2014 (2013: net debts of HK$171 million).

At 31 March 2014, the Group has total bank borrowings of HK$323 million (2013: HK$401 million). The bank borrowings of the Group were mainly to finance the retaining two floors of Rykadan Capital Tower, Kwun Chung Street Property Project and Kailong Nanhui Business Park. Of the total bank borrowings, the bank loans of HK$273 million were secured by the properties for sale, investment properties and buildings held for own use of which HK$97 million will be repayable upon sale of properties. Further costs for developing the Kwun Chung Street Property Project will be financed by unutilised banking facilities.

The liquidity of the Group remains strong and healthy. As at 31 March 2014, the Group's current assets and current liabilities were HK$1,460 million (2013: HK$1,713 million) and HK$591 million (2013: HK$967 million) respectively. The Group's current ratio increased to 2.47 (2013: 1.77). The internally generated funds, together with unutilised banking facilities enable the Group to meet its business development needs.

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

Pledge of Assets

As at 31 March 2014, the Group had pledged investment properties, properties for sale and buildings held for own use to secure the general facilities of the Group. The aggregate carrying value of the pledged assets was HK$678 million (2013: HK$1,171 million).

Capital Commitments and Contingent Liabilities

For capital commitments and contingent liabilities, please refer to notes 32 and 33 to the consolidated financial statements respectively.

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

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

The Group operates in various regions with different foreign currencies including Euro, USD and RMB. The exchange rates for the foresaid currencies are relatively stable.

The Group has no hedging arrangements for foreign currencies or interest rates. The Group reviews the currency risk regularly and closely monitors the fluctuation of foreign currencies and will make proper adjustments if necessary.

Credit Exposure

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

The Group's management reviews from time to time the recoverability of trade receivables and closely monitors the financial position of the customers in order to keep a very low credit risk exposure of the Group.

Risk Management

In order to widen the revenue foundation of the Group, the Group is actively looking for opportunities in other business segments with a view of diversifying its sources of income. The Group will evaluate the market conditions and adjust its strategy in a timely manner and make decisions so as to ensure the effective implementation of the Group's expansion plan. The Group will continue to strengthen its internal control system and risk control system of the overseas operations by regularly reviewing the market risk, legal risk, contract risk and credit risk of the customers of the overseas markets.

Employees and Remuneration Policies

As at 31 March 2014, the Group had 130 full-time employees (2013: 107 full-time employees). The Group offers an attractive remuneration policy and provides external training programmes which are complementary to certain job functions. Total remuneration for employees (including the directors' remuneration) was HK$112 million for the year (2013: HK$90 million). The increase in total remuneration of the employees was mainly attributable to the Group's distribution of a generous bonus resulting from disposal of all available floors of Rykadan Capital Tower, the Group's first real estate development project.

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 March 2014.

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 the 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 2014, save for the deviations for code provisions A.1.1, A.2.1 and A.6.7 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 Company'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. NG Tak Kwan
Mr. YIP Chun Kwok
(Chief Financial Officer)

BOARD OF DIRECTORS (Continued)

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 17 of this annual report under the heading of "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 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended 31 March 2014, 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 2014, 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 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 separate and should not be performed by the same individual. However, in view of the present composition of the Board, the in-depth knowledge of Mr. Chan of the operations of the Group and of the property development and real estate/asset management business in Hong Kong and the PRC, his extensive business network and the scope of operations of the Group, the Board believes it is in the best interests of the Company for Mr. Chan to assume the roles of Chairman and Chief Executive Officer at the same 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 directors of the Company is engaged on a service agreement (for executive directors) or letter of appointment (for independent non-executive directors) for a term of 3 years and is subject to retirement by rotation once every three years.

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, common law and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for directors will be arranged and reading material on relevant topics will be issued to directors where appropriate.

During the year ended 31 March 2014, relevant reading materials including legal and regulatory update have been provided to all directors for their reference and studying.

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 comment 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 2014.

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 Hong Kong Exchanges and Clearing Limited'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 recommendation.

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 2014. However, the Remuneration Committee had recorded their decisions by passing written resolutions determining the remuneration packages of the executive directors and senior management.

Details of the Directors' remuneration are set out in note 8 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 2014 is set out below:

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

Nomination Committee

The Nomination Committee comprises 3 members, the majority of them are independent non-executive directors.

Principle duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of directors, making recommendations to the Board on the appointment and succession planning of directors, and assessing the independence of independent non-executive directors.

The Company has adopted the board diversity policy in August 2013. The policy sets out the approach to achieve diversity in the Board. The Company recognises and embraces the benefits of having a diverse Board, and sees board diversity as an essential element in achieving a sustainable and balanced development. In reviewing the Board composition, the Nomination Committee will consider balance of a number of factors, including but not limited to age, cultural and educational background, professional experience, skills, knowledge and length of service. All Board appointments will be based on merit, having due regard to the overall effective function of the Board as a whole.

The Nomination Committee will review the board diversity policy on a regular basis to ensure its continued effectiveness.

One meeting had been held by the Nomination Committee during the year ended 31 March 2014.

During the year, the Nomination Committee had reviewed the structure, size and composition of the Board.

Audit Committee

The Audit Committee comprises all the three 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 to assist the Board to review and supervise the adequacy and effectiveness of the Company'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 Company's 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 Company 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 2014. The Audit Committee has performed the following work during the year: (i) to discuss the financial reporting and compliance procedures with the external auditors; (ii) to review the audited annual results for the year ended 31 March 2013 and unaudited interim results for the half year ended 30 September 2013; and (iii) to consider the appointment of auditors.

The Company's annual results for the year ended 31 March 2014 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 2014, 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 five Board meetings held during the year ended 31 March 2014, two of which were regular meetings held for approving the final results for the year ended 31 March 2013 and the interim results for the period ended 30 September 2013. The Company has not held the other two regular Board meetings as it is not required under the Listing Rules to publish quarterly results.

The attendance record of each director at the Board meetings, the committee meetings and the general meetings of the Company held during the year ended 31 March 2014 is as follows:-

	Attendance/Number of Meetings held during the tenure of directorship				
	Board				Annual
Name of Directors	Regular	Other	Nomination Committee	Audit Committee	General Meeting
Executive Directors					
Chan William	2/2	3/3	1/1	N/A	1/1
Ng Tak Kwan	2/2	3/3	N/A	N/A	0/1
Yip Chun Kwok	2/2	3/3	N/A	N/A	1/1
Independent Non-Executive Directors					
Ho Kwok Wah, George	2/2	3/3	1/1	3/3	1/1
To King Yan, Adam	2/2	3/3	N/A	3/3	0/1
Wong Hoi Ki	2/2	3/3	1/1	3/3	1/1

Under code provision A.6.7 of the CG Code, the independent non-executive directors should attend general meetings of the Company. Mr. To King Yan, Adam was absent from the last annual general meeting held on 23 August 2013 due to other business commitments. He will use his best endeavours to attend all future shareholders' meetings of the Company.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2014.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports and other disclosures required by the Listing Rules and other statutory and regulatory requirements.

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

The 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 Company's financial statements, which are put to the Board for approval.

The statement of the external auditors of the Company about their reporting responsibilities for the financial statements is set out in the Section headed "Independent Auditor's Report" on page 27.

AUDITORS' REMUNERATION

The remuneration charged by the Company's external auditors, KPMG, in respect of audit services and non-audit services for the year ended 31 March 2014 is set out below:-

Category of Services	Fee Paid/Payable (HK$)
Audit Services	1,829,000
Non-audit Services	
– Tax services fee	70,000
TOTAL	1,899,000

INTERNAL CONTROLS

The Board is responsible for maintaining an adequate internal control system to safeguard shareholder investments and Company assets and with the support of the Audit Committee, reviewing the effectiveness of such system on an annual basis. The Board has conducted an annual review of the effectiveness of the internal control system of the Group. Such review covered the financial, operational, compliance and risk management aspects of the Group including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

COMPANY SECRETARY

Ms. Yeung Man Yan Megan ("Ms. Yeung") has been appointed the Company Secretary of the Company in January 2012. Ms. Yeung has taken no less than 15 hours of relevant professional training during the financial year ended 31 March 2014.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective and on-going communication with shareholders is essential for enhancing investor relations and investor 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 announcements 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.

During the financial year ended 31 March 2014, there is no change in the Company's articles of association.

An up to date version of the Company's articles of association is also available on the Company's website and Hong Kong Exchanges and Clearing Limited's website.

SHAREHOLDER 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 shareholder interests and rights, a separate resolution should be proposed for each substantially separate issue at shareholder 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 Hong Kong Exchanges and Clearing Limited 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 Secretary of the Company, 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 Law 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 Office/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.

SOCIAL RESPONSIBILITIES

The management has actively involved in a variety of charity initiatives and encouraged the employees to contribute to the community by actively participating in voluntary and community activities.

The Company showed its support to those in need by participating in various donation and contribution campaigns. Apart from the pecuniary donation, both management and staff, together with their family members, always demonstrate full support to the community. During the year, the Company worked closely with a non-profit making charity organisation as volunteers for its programs aiming at helping senior people in Hong Kong age more healthy and with dignity through visits and educational programs at nursing homes and private residences.

Executive Directors

Mr. Chan William (陳偉倫先生), aged 39, is an executive Director and 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. Chan was an independent non-executive director of Hao Tian Resources Group Limited (a company whose shares are listed and traded on the Main Board of the Stock Exchange) from 1 September 2010 to 31 December 2011.

Mr. Ng Tak Kwan (吳德坤先生), aged 60, is and executive Director of the Company. Mr. Ng is responsible for overseeing and managing the fitting-out, construction and trading business. He also holds other directorships in the Company's subsidiaries. Mr. Ng graduated from the University of Calgary with a Bachelor of Science degree in civil engineering in 1978 and the Asia International Open University (Macau) with a Master of Business Administration degree in 1995.

Mr. Yip Chun Kwok (葉振國先生), aged 40, is an executive Director and the Chief Financial Officer of the Company. Mr. Yip joined the Group in 2008. He is responsible for property related investments, financial planning 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 Accountants, an associate of the Hong Kong Institute of Certified Public Accountants, a member of each of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators and a CFA charter holder of the CFA Institute.

Independent Non-Executive Directors

Mr. Ho Kwok Wah, George (何國華先生), aged 56, was appointed as an independent non-executive Director of the Company in February 2010. He also serves as chairman of the audit committee and the remuneration committee and a member of the nomination committee of the Company. Mr. Ho has over 20 years of experience in accounting and auditing. Mr. Ho is a practicing certified public accountant in Hong Kong and is currently the proprietor of George K.W. Ho & Co., Certified Public Accountants. Mr. Ho was a director of the Taxation Institute of Hong Kong from 2002 to 2013, and currently a director of, the Hong Kong Commerce and Industry Associations Limited and the Hong Kong Shatin Industries and Commerce Association Limited. From 2001 to 2003, Mr. Ho was the president of the Hong Kong Institute of Accredited Accounting Technicians. Mr. Ho is currently an independent non-executive director of each of Town Health International Investments Limited (formerly known as Town Health International Holdings Company Limited) and Belle International Holdings Limited, the securities of which are listed on the main board of the Stock Exchange.

Mr. To King Yan, Adam (杜景仁先生), aged 54, was appointed as an independent non-executive Director of the Company on 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 and litigation.

Mr. Wong Hoi Ki (黃開基先生), aged 60, was appointed as an independent non-executive Director of the Company on 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 30 years. Mr. Wong is a Fellow of the Hong Kong Institute of Surveyors and a Member of the Royal Institution of Chartered Surveyors. He is the founder and at present the managing director of Memfus Wong Surveyors Limited, an estate surveying firm in Hong Kong. Over the years, he has served and profession by working on the General Council of the Hong Kong Institute of Surveyors as Honorary Secretary and Honorary Treasurer.

Senior Management

Mr. Lo Hoi Wah, Heywood (勞海華先生), aged 31, is our Financial Controller. Mr. Lo joined us in July 2012. He is responsible for overseeing the financial, accounting and banking activities of the Group. 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. Prior to joining us, he has been working in an international audit firm and held senior finance and management position with a private company.

Ms. Yeung Man Yan, Megan (楊文欣女士), aged 31, is our Legal Counsel and Company Secretary. Ms. Yeung joined us in May 2010. She is responsible for overseeing the legal and compliance matters of the Group. Ms. Yeung is a Hong Kong qualified solicitor. Ms. Yeung graduated from the University of Hong Kong with a Bachelor of Laws in 2005 and a Postgraduate Certificate in Laws in 2006. She also graduated from Leiden University, the Netherlands in 2007 with an Advanced Studies Masters of Laws. Prior to joining us, she has been working in an international law firm.

The Directors are pleased to present their annual report and the audited consolidated financial statements for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

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

RESULTS AND APPROPRIATIONS

The profit of the Group for the year ended 31 March 2014 and the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 28 to 29.

Profits attributable to shareholders, before dividends of HK$421,874,000 (HK$138,099,000) have been transferred to reserves. Other movements in reserves are set out in the consolidated statement of changes in equity.

An interim dividend of HK 5 cents per share amounting to HK$23,872,000 in total had been declared to the shareholders during the year and was paid to the shareholders subsequent to the year end. The Directors now recommend the payment of a final dividend of HK 32 cents per share to the shareholders on the register of members on 5 September 2014, amounting to approximately HK$152,783,000.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 96.

An analysis of the Group's results by segment for the year is set out in note 4 to the consolidated financial statements.

FIXED ASSETS

Details of movements during the year in the fixed assets of the Group are set out in note 13 to the consolidated financial statements.

BANK LOANS

Details of bank loans are set out in note 25 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 28 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2014 comprised:

	HK$'000
Share premium	469,130
Other reserves	67,300
Accumulated profits	704,485
	1,240,915

Under the Companies Law (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 accumulated 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 note 28 to the consolidated financial statements.

DIRECTORS

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

Executive Directors

Mr. CHAN William *(Chairman and Chief Executive Director)*
Mr. NG Tak Kwan
Mr. YIP Chun Kwok *(Chief Financial Officer)*

Independent Non-executive Directors

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

Notes: Mr. NG Tak Kwan and Mr. YIP Chun Kwok shall retire, and being eligible, offer themselves for re-election at the forthcoming 2014 annual general meeting ("AGM") pursuant to the Company's Articles of Association.

Information regarding directors' emoluments is set out in note 8 to the consolidated financial statements.

DIRECTORS' PROFILES

Details of the Directors' profiles are set out in the "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.

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

As at 31 March 2014, the interests and short positions of the directors and chief executives of the Company in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), 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	20.34
	Long	Other interest (2)	97,104,000	20.34
	Long	Beneficial owner	9,000,000	1.89
			203,208,000	42.57
NG Tak Kwan	Long	Beneficial owner	84,000,000	17.59

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 HSBC International Trustee Limited as the trustee of Rykadan Trust. CHAN William is the settlor and protector and one of the discretionary beneficiaries of Rykadan Trust.

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, pursuant to the provisions of the SFO, each of them is deemed to be interested in the 97,104,000 shares of the Company owned or deemed to be interested by each other. Hence, CHAN William is also deemed to be interested in the 97,104,000 shares of the Company owned by Scenemay Holdings Limited.

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

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2014, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following substantial shareholders (other than the directors and chief executives of the Company) had notified the Company of relevant interests in the issued share capital of the Company:

Name	Long/Short position	Capacity	Number of shares	Approximate percentage of the issued share capital of the Company
HSBC International Trustee Limited	Long	Corporate Trustee [(1) (2)]	194,208,000	40.68
Rykadan Holdings Limited	Long	Interest in a controlled corporation [(1) (2)]	194,208,000	40.68
Tiger Crown Limited [(1)]	Long	Beneficial owner	97,104,000	20.34
	Long	Other interest [(2)]	97,104,000	20.34
			194,208,000	40.68
Scenemay Holdings Limited	Long	Beneficial owner	97,104,000	20.34
	Long	Other interest [(2)]	97,104,000	20.34
			194,208,000	40.68
LI Chu Kwan	Long	Interest in a controlled corporation [(3)]	97,104,000	20.34
	Long	Other interest [(2)]	97,104,000	20.34
			194,208,000	40.68
LI Wing Yin	Long	Interest in a controlled corporation [(3)]	97,104,000	20.34
	Long	Other interest [(2)]	97,104,000	20.34
			194,208,000	40.68
LEUNG Kai Ming	Long	Beneficial owner	28,590,000	5.98

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 HSBC International Trustee Limited as the trustee of Rykadan Trust. CHAN William is the settlor and protector and one of the discretionary beneficiaries of Rykadan Trust.

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, pursuant to the provisions of the SFO, each of them is deemed to be interested in the 97,104,000 shares of the Company owned or deemed to be interested by each other.

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 97,104,000 shares of the Company owned by Scenemay Holdings Limited.

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

SHARE OPTION SCHEME

On 3 August 2009, a share option scheme ("Scheme") was adopted by the Company for the primary purpose of providing the directors and employees of, as well as consultants, professional and other advisers to the Company and its subsidiaries (the "Participants") with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants and for such other purposes as the Board may approve from time to time.

The Board will set out in the offer the terms on which the option is to be granted. The overall limit on the number of shares which may be issued upon exercise of all options to be granted and yet to be exercised under the Scheme and other share option scheme of the Company must not exceed 30% of the shares in issue from time to time. No options will be granted under the Scheme at any time if such grant will result in the scheme limit being exceeded.

The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and all other share option schemes of the Company shall not in aggregate exceed 10% of the total number of shares in issue on the date of listing of the shares of the Company on the main board of the Stock Exchange. The Company may seek approval of its shareholders in general meeting for refreshing such 10% limit. As at the date of the annual report, the total number of shares of the Company available for issue under the Scheme and all other share option schemes of the Company are 48,000,000 shares, representing 10.05% of the issued share capital of the Company as at the date of the annual report.

The total number of shares issued and to be issued upon exercise of the options granted to any Participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue. An offer of the options shall be deemed to have accepted by way of consideration of HK$1 payable by the Participant within such date as the Board may determine from the date of offer.

Where any grant of options to a substantial shareholder or an independent non-executive director, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of grant:

(a) representing in aggregate more than 0.1% of the total number of shares in issue; and

(b) having an aggregate value, based on the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the relevant date of grant, in excess of HK$5 million,

such further grant of options must be approved by the shareholders.

The subscription price shall be such price solely determined by the Board and notified to a Participant and shall be at least the highest of:

(i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the date of grant;

(ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant; and

(iii) the nominal value of a share on the date of grant.

The Scheme is valid and effective for a period of 10 years commencing on 3 August 2009.

As at 31 March 2014, no share option under the Scheme had been granted.

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 TRANSACTIONS

During the year, save as disclosed below, we have not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of rule 14A.45 or 14A.46 of the Listing Rules.

(A) Connected Transaction

Formation of joint venture – Earnest Range Limited ("Earnest Range")

On 27 September 2013, KLR Hong Kong, Kailong CI Jinli Asia Limited ("CI Jinli"), an independent third party ("JV Partner") and Earnest Range entered into a subscription agreement ("ER Subscription Agreement") pursuant to which KLR Hong Kong, CI Jinli and the JV Partner agreed to subscribe for 55 shares, 38 shares and 885 shares in Earnest Range at the subscription amounts of US$55, US$38 and US$885 respectively. Following the completion of such subscriptions, Earnest Range has become owned as to 5.6% by KLR Hong Kong, 3.9% by CI Jinli and 90.5% by the JV Partner.

Simultaneously with the entering into of the ER Subscription Agreement, on 27 September 2013, KLR Hong Kong, CI Jinli, the JV Partner and Earnest Range entered into a shareholders agreement ("ER Shareholders Agreement") setting out, among others, the manner of management of Earnest Range. Pursuant to the ER Shareholders Agreement, the sole business of Earnest Range is to indirectly invest in a 13-storey office tower located in Shanghai, the PRC (the "East Tower Property") through the holding of shareholding interests in 水禮置業(上海)有限公司 and its wholly-owned subsidiary, Union Town Limited; and KLR Hong Kong, CI Jinli and the JV Partner shall, among others, arrange financing of US$1,082,144, US$753,636 and US$17,488,220 respectively to Earnest Range.

Scott Light Limited ("Scott Light") is a company controlled by Mr. Cheng Hei-Ming (a shareholder and director of KLR Hong Kong and thus a connected person of the Company) together with CREP Employee Investment Company Limited (a company wholly-owned by Mr. Cheng) as to more than 30%, Scott Light is an associate of Mr. Cheng and thus a connected person of the Company.

As CI Jinli is owned by Scott Light, a connected person of the Company, as to 97.44%, CI Jinli is also a connected person of the Company. Accordingly, the entering into of each of the ER Subscription Agreement and the ER Shareholders Agreement and the transactions contemplated thereunder constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

(B) Continuing Connected Transactions

As stated in the section headed "Connected Transaction – Acquisition of further interests in KLR Hong Kong" from last year annual report, KLR Hong Kong has been accounted for as a subsidiary of the Company since 30 July 2012 after completion of each of the Restructuring Agreement and the Subscription Agreement and the Shareholders' Deed becoming effective. On 1 July 2011 (i.e. prior to KLR Hong Kong has become a subsidiary of the Company), KLR Hong Kong entered into two service agreements with SCJREP IV Cayman E., Ltd. ("SCJREP") and Lucky View Limited ("Lucky View"), respectively as further described below.

Since (i) SCJREP is a substantial shareholder of Wit Legend Investment Limited ("Wit Legend"), a subsidiary of the Company, and (ii) Lucky View is a company owned by an associate of Mr. Ivan Ho, each of SCJREP and Lucky View is a connected person of the Company. Accordingly, each of (i) the service agreement with SCJREP and (ii) the consulting services agreement with Lucky View has, since 30 July 2012, the date on which KLR Hong Kong became a subsidiary of the Company, become continuing connected transactions of the Company.

Service agreement with SCJREP in respect of the provision of services by KLR Hong Kong to SCJREP

On 1 July 2011, KLR Hong Kong entered into a service agreement with SCJREP, under which KLR Hong Kong shall provide various services in respect of the real estate located at Kwun Tong Inland Lot no. 526 (the "Property") ("Asset") held by Vital Success Development Limited ("Vital Success"), a non wholly-owned subsidiary of the Company, to SCJREP:

(a) the preparation and provision of reports in respect of:

- (i) the implementation of business plans and budgets;
- (ii) accounting reporting services such as cash flow projections;
- (iii) suggested improvements or updates upon review of construction progress reports submitted by the engineering construction consultant and project manager;
- (iv) work progress of third party service providers; and

(b) the provision of assistance to Vital Success and the project manager from time to time and ensure that usual and customary insurance policies are purchased and maintained.

KLR Hong Kong is entitled to the following compensation for the provision of the abovementioned services and other asset management services under the asset management agreement dated as of 29 July 2011 between KLR Hong Kong and Vital Success ("Asset Management Agreement"):

(a) a fee in the amount equivalent to US$169,426.26 which shall be due and payable by SCJREP within 1 month from the completion of the disposal of 35% interests in Wit Legend pursuant to the agreement for sale and purchase dated 14 June 2011 entered into between Keen Virtue Group Limited (a subsidiary of the Company), SCJREP and Green Capital Group Limited

(b) a fee payable quarterly in arrears, from net cash flow from the Asset to be determined in accordance with the terms of such agreement ("Net Cash Flow") distributed to SCJREP, if any, attributable to the preceding calendar quarter as follows:

   (i) first, 20% of such net cash flow distributed to SCJREP, if and to the extent that as of the date of determination, SCJREP's investments have yielded an internal rate of return to be determined in accordance with the terms of such agreement ("IRR") equal to or in excess of 15% and less than 20%; and

   (ii) second, 25% of Net Cash Flow distributed to SCJREP, if and to the extent that as of the date of determination, SCJREP's investments have yielded an IRR equal to or in excess of 20%.

For the year ended 31 March 2014, the actual amount paid by the SCJREP to the Group for the service rendered was Nil.

Consulting service agreement with Lucky View Limited ("Lucky View") in respect of the provision of consulting services by Lucky View to KLR Hong Kong

On 1 July 2011, KLR Hong Kong appointed Lucky View to provide certain project management related consulting services in connection with the Asset to facilitate KLR Hong Kong in rendering advisory, consultation and management services to Vital Success pursuant to the Asset Management Agreement.

Lucky View is entitled to the following remuneration for the provision of the aforementioned consulting services:

(a) a fee in the amount equivalent to HK$343,000 per annum which is computed based on 0.1% of the budgeted construction cost of HK$343,000,000 of the Asset, payable within 15 business days from the receipt by KLR Hong Kong of the project management fees pursuant to the Asset Management Agreement; and

(b) a fee in the amount equivalent to 0.025% of the net proceeds received with respect to the sale of all or part of the Property (or ownership of all or part of the equity interest in Vital Success and/or Wit Legend) (such net proceeds to be determined in accordance with the provisions thereof), payable within 15 business days from the receipt by KLR Hong Kong of the disposition fee from Vital Success pursuant to the Asset Management Agreement.

For the year ended 31 March 2014, the actual amount paid by the Group to Lucky View for the consulting service rendered was HK$257,000.

Pursuant to rule 14A.37 of the Listing Rules, the above continuing connected transactions have been reviewed by the independent non-executive Directors of the Company, all of whom have confirmed that these continuing connected transactions carried out during the year ended 31 March 2014 were:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms; and

(iii) in accordance with the relevant agreements governing them on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

As stated in the section headed "Continuing Connected Transactions" above, KLR Hong Kong has entered into service agreements in respect of the above continued connected transactions prior to KLR Hong Kong having been accounted for as a subsidiary of the Company. As a result, there has not been approval by the Board in respect of, and no cap has been set for, these continuing connected transactions. Therefore, in its confirmation letter provided for the purpose of Rule 14A.38 of the Listing Rules, the Company's auditors have only confirmed that such continuing connected transactions carried out during the year ended 31 March 2014 were in accordance with the relevant agreements governing them.

The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Saved as disclosed above, significant related party transactions entered by the Group during the year, which do not constitute connected transactions required to be disclosed under the Listing Rules, are disclosed in note 34 to the consolidated financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed under heading "Connected Transactions" in this report and the related party transactions in note 34 to the consolidated financial statements, no other contracts of significance, to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interests, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

COMPETING BUSINESS

For 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 are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market trend.

RETIREMENT BENEFIT SCHEME

With effect from 1 December 2000, the Group has joined a mandatory provident fund scheme ("MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to MPF Scheme is to make the required contributions under the scheme. During the year, the Group made contribution to the MPF Scheme amounting to approximately HK$0.3 million. No forfeited contribution under this scheme is available to reduce the contribution payable in future years.

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.

CHARITABLE DONATIONS

Donations made by the Group during the year for charitable amounted to HK$90,000 (2013: 35,000).

MAJOR CUSTOMERS, SUBCONTRACTORS AND SUPPLIERS

For the year, the five largest customers of the Group accounted for 27% of the Group's total revenue and total revenue from the largest customer included therein accounted for 6%. The aggregate purchase attributable to the largest and five largest suppliers of the Group during the year were approximately 58% and 92% of the total purchases of the Group.

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

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

Code provision A.1.1 of the CG Code stipulates that regular board meetings should be held at least four times a year at approximately quarterly intervals. There were five Board meetings held during the year ended 31 March 2014, two of which were regular meetings held for approving the final results for the year ended 31 March 2013 and the interim results for the period ended 30 September 2013. The Company has not held the other two regular Board meetings as it is not required under the Listing Rules to publish quarterly results.

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

Under code provision A.6.7 of the CG Code, the independent non-executive directors should attend general meetings of the Company. One independent non-executive director was absent from the last annual general meeting held on 23 August 2013 due to other business commitments.

EVENT AFTER THE REPORTING PERIOD

On 11 June 2014, Fast Global Holdings Limited, a wholly-owned subsidiary of the Company, entered into an agreement with Core Elements Holdings Limited to acquire the remaining 20% of the issued shares in Centuria Global Limited (prior to acquisition, an indirect non-wholly owned subsidiary indirectly holding the Kwun Chung Street Property Project). For details, please refer to the voluntary announcement by the Company dated 11 June 2014.

AUDITOR

In October 2013, Deloitte Touche Tohmatsu resigned as auditors of the Company and KPMG was appointed as the auditors of the Company to fill the casual vacancy until the conclusion of the next AGM of the Company.

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

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

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

Hong Kong, 25 June 2014

to the shareholders of Rykadan Capital Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Rykadan Capital Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 28 to 95 which comprise the consolidated and company statements of financial position as at 31 March 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2014 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

25 June 2014

Consolidated Income Statement

For the year ended 31 March 2014
(Expressed in Hong Kong dollars)

	Note	2014 $'000	2013 $'000
Continuing operations			
Revenue	4	2,201,397	156,422
Cost of sales and services		(1,132,785)	(114,448)
Gross profit		1,068,612	41,974
Other revenue	5(a)	2,926	3,514
Other net income	5(b)	11,294	2,005
Selling and marketing expenses		(35,074)	(4,346)
Administrative and other operating expenses		(169,143)	(78,729)
Profit/(loss) from operations		878,615	(35,582)
Increase in fair value of investment properties	12(a)	55,373	–
		933,988	(35,582)
Finance costs	6(a)	(7,118)	(711)
Share of profits of associates	15(c)	21,491	10,593
Share of loss of a joint venture	16	(1,377)	–
Profit/(loss) before taxation		946,984	(25,700)
Income tax	7	(194,718)	(3,781)
Profit/(loss) for the year from continuing operations		752,266	(29,481)
Discontinued operations			
Profit for the year from discontinued operations	9	–	168,964
Profit for the year	6	752,266	139,483
Attributable to:			
Equity shareholders of the Company		421,874	138,099
Non-controlling interests		330,392	1,384
Profit for the year		752,266	139,483
Earnings per share	10		
Basic:			
– Continuing operations		88.4 cents	(6.5) cents
– Discontinued operations		–	35.4 cents
		88.4 cents	28.9 cents

The notes on pages 35 to 95 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 28(c).

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2014
(Expressed in Hong Kong dollars)

	Note	2014 $'000	2013 $'000
Profit for the year		**752,266**	139,483
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		**606**	(697)
– Release of translation reserve upon disposal of subsidiaries	9	**–**	(11,753)
– Share of translation reserve of associates		**744**	724
– Release of translation reserve upon deemed disposal of associates		**–**	(895)
– Net change in fair value of available-for-sale investments	7(e)	**19,415**	34,952
– Reclassification to profit or loss upon disposal of available-for-sale investments	7(e)	**(8,914)**	(3,151)
– Release of reserve upon deemed disposal of available-for-sale investments	7(e)	**(4,440)**	–
		7,411	19,180
Total comprehensive income for the year		**759,677**	158,663
Comprehensive income for the year attributable to:			
Equity shareholders of the Company		**414,520**	137,049
Non-controlling interests		**345,157**	21,614
Total comprehensive income for the year		**759,677**	158,663

The notes on pages 35 to 95 form part of these financial statements.

Consolidated Statement of Financial Position

at 31 March 2014
(Expressed in Hong Kong dollars)

	Note	2014 $'000	2013 $'000
Non-current assets			
Investment properties	12	355,567	–
Fixed assets	13	52,434	4,663
Interest in associates	15	98,688	79,453
Interest in a joint venture	16	13,584	–
Available-for-sale investments	17	187,068	253,526
Goodwill	18	27,934	27,934
Other receivables and deposits	21	9,725	14,340
		745,000	379,916
Current assets			
Properties for sale	19	275,481	1,171,091
Inventories	20	91,181	12,745
Trade and other receivables	21	132,445	82,793
Amount due from an associate	15	–	2,817
Amount due from a joint venture	16	2,034	–
Amount due from an investee	31	–	35,571
Restricted cash and pledged deposits	22	851	176,683
Bank deposits and cash	23	957,847	230,033
Taxation recoverable	7(d)	–	833
		1,459,839	1,712,566
Current liabilities			
Trade and other payables	24	113,248	69,310
Deposits received from sale of properties		–	388,081
Bank loans	25	161,296	304,125
Loans from non-controlling shareholders	26	72,097	154,779
Amount due to an associate	15	38,808	47,609
Dividend payable	28(c)	23,872	–
Taxation payable	7(d)	181,913	3,511
		591,234	967,415
Net current assets		868,605	745,151

at 31 March 2014
(Expressed in Hong Kong dollars)

	Note	**2014 $'000**	2013 $'000
Total assets less current liabilities		**1,613,605**	1,125,067
Non-current liabilities			
Bank loans	*25*	**161,974**	96,970
Deferred tax liabilities	*27(a)*	**20,089**	17,939
		182,063	114,909
NET ASSETS		**1,431,542**	1,010,158
CAPITAL AND RESERVES	*28*		
Share capital		**4,774**	4,774
Reserves		**1,233,113**	860,262
Total equity attributable to equity shareholders of the Company		**1,237,887**	865,036
Non-controlling interests		**193,655**	145,122
TOTAL EQUITY		**1,431,542**	1,010,158

Approved and authorised for issue by the board of directors on 25 June 2014.

CHAN William
DIRECTOR

YIP Chun Kwok
DIRECTOR

The notes on pages 35 to 95 form part of these financial statements.

Statement of Financial Position

at 31 March 2014
(Expressed in Hong Kong dollars)

	Note	2014 $'000	2013 $'000
Non-current assets			
Investments in subsidiaries	14	35,549	35,549
Interest in associates	15	10,200	10,200
		45,749	45,749
Current assets			
Receivables and deposits	21	635	160
Amounts due from subsidiaries	14	661,607	647,594
Bank deposits and cash	23	599,904	114,131
Taxation recoverable		–	833
		1,262,146	762,718
Current liabilities			
Payables and accruals	24	1,432	5,964
Amounts due to subsidiaries	14	36,902	–
Dividend payable	28(c)	23,872	–
		62,206	5,964
Net current assets		1,199,940	756,754
NET ASSETS		1,245,689	802,503
CAPITAL AND RESERVES	28		
Share capital		4,774	4,774
Reserves		1,240,915	797,729
TOTAL EQUITY		1,245,689	802,503

Approved and authorised for issue by the board of directors on 25 June 2014.

CHAN William
DIRECTOR

YIP Chun Kwok
DIRECTOR

The notes on pages 35 to 95 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2014
(Expressed in Hong Kong dollars)

	Note	Attributable to equity shareholders of the Company					
		Share capital	Other reserves (Note 28(b))	Retained profits (Note 28(b))	Total	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000
At 1 April 2012		4,774	631,204	314,600	950,578	8,096	958,674
Changes in equity for the year:							
Profit for the year		–	–	138,099	138,099	1,384	139,483
Other comprehensive income		–	(1,050)	–	(1,050)	20,230	19,180
Total comprehensive income for the year		–	(1,050)	138,099	137,049	21,614	158,663
Dividends declared in respect of the current year	28(c)	–	–	(222,013)	(222,013)	–	(222,013)
Acquisition of subsidiaries		–	–	–	–	111,349	111,349
Capital contribution from non-controlling interests		–	–	–	–	3,099	3,099
Deemed capital contribution from non-controlling shareholders		–	–	–	–	964	964
Reclassification of reserves upon disposal of subsidiaries		–	(41,047)	41,047	–	–	–
Share of other reserves of associates		–	(578)	–	(578)	–	(578)
At 31 March 2013 and 1 April 2013		4,774	588,529	271,733	865,036	145,122	1,010,158
Changes in equity for the year:							
Profit for the year		–	–	421,874	421,874	330,392	752,266
Other comprehensive income		–	(7,354)	–	(7,354)	14,765	7,411
Total comprehensive income for the year		–	(7,354)	421,874	414,520	345,157	759,677
Dividend declared in respect of the current year	28(c)	–	–	(23,872)	(23,872)	–	(23,872)
Dividend declared in respect of the prior year	28(c)	–	–	(23,872)	(23,872)	–	(23,872)
Dividend paid to non-controlling shareholders		–	–	–	–	(295,833)	(295,833)
Equity settled share-based transactions	28(e)	–	6,075	–	6,075	–	6,075
Disposal of deemed capital contribution for non-controlling shareholders		–	–	–	–	(791)	(791)
At 31 March 2014		4,774	587,250	645,863	1,237,887	193,655	1,431,542

The notes on pages 35 to 95 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2014
(Expressed in Hong Kong dollars)

	Note	2014 $'000	2013 $'000
Cash generated from/(used in) operations	*23(b)*	**1,403,345**	(229,918)
Interest paid		**(13,497)**	(15,108)
Net income tax paid		**(3,207)**	(4,158)
Net cash generated from/(used in) operating activities		**1,386,641**	(249,184)
Investing activities			
Purchases of fixed assets		**(6,257)**	(5,764)
Acquisition of subsidiaries		**–**	(22,339)
Net cash outflows from acquisition of assets and liabilities through acquisition of a subsidiary	*31*	**(22,201)**	(32,172)
Investment in a joint venture	*16*	**(14,961)**	–
Purchase of available-for-sale investments		**(71,087)**	(8,316)
Repayment from an associate		**–**	80,000
Dividend from an associate	*15(c)*	**3,000**	–
Advance to an investee		**–**	(35,571)
Disposal of subsidiaries		**–**	351,045
Proceeds from disposal of fixed assets		**136**	150
Proceeds from disposal of available-for-sale investments		**39,869**	15,556
Loan advanced and deposits placed		**–**	(14,342)
Increase in bank deposits with maturity greater than 3 months	*23(a)*	**(170,000)**	–
Interest received		**2,351**	2,443
Net cash (used in)/generated from investing activities		**(239,150)**	330,690
Financing activities			
Proceeds from new bank loans		**229,634**	209,404
Repayments of bank loans		**(390,401)**	(264,664)
Advances from non-controlling shareholders		**–**	53,302
Repayment to non-controlling shareholders		**(109,804)**	–
Capital contribution from non-controlling shareholders		**–**	3,099
Dividends paid		**(319,705)**	(222,013)
Net cash used in financing activities		**(590,276)**	(220,872)
Net increase/(decrease) in cash and cash equivalents		**557,215**	(139,366)
Cash and cash equivalents at 1 April		**230,033**	370,771
Effect of foreign exchange rate changes		**599**	(1,372)
Cash and cash equivalents at 31 March	*23(a)*	**787,847**	230,033

The notes on pages 35 to 95 form part of these financial statements.

For the year ended 31 March 2014
(Expressed in Hong Kong dollars)

1. GENERAL

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

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

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

(i) These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622) "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. A summary of the significant accounting policies adopted by the Company is set out below.

(ii) The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

(i) The consolidated financial statements for the year ended 31 March 2014 comprise the Company and its subsidiaries (together referred to as the "Group") and the Company's interest in associates and a joint venture.

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

(ii) The measurement basis used in the preparation of the financial statements is the historical cost basis except where stated otherwise in the accounting policies set out below.

(iii) The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Changes in accounting policies

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

– Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*

– HKFRS 10, *Consolidated financial statements*

– HKFRS 12, *Disclosure of interests in other entities*

– HKFRS 13, *Fair value measurement*

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

Amendments to HKAS 1, Presentation of financial statements – Presentation of items of other comprehensive income
The amendments to HKAS 1 require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in these financial statements has been modified accordingly.

HKFRS 10, Consolidated financial statements
HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements*, relating to the preparation of consolidated financial statements and HK SIC 12, *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 April 2013.

HKFRS 12, Disclosure of interests in other entities
HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in notes 14 and 15.

HKFRS 13, Fair value measurement
HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in notes 12 and 29.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows 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.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

Changes in the Group's interests 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.

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 joint venture (see note 2(e)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(k)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(e) Associates and joint ventures

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

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

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2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Associates and joint ventures (Continued)

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(k)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

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

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 the Company's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses (see note 2(k)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

(f) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(k)).

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Available-for-sale investments

Financial assets which are not held for trading, held-to maturity or loans and receivables are classified as available-for-sale investments. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the investment revaluation reserve.

When the investments are derecognised or impaired (see note 2(k)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments.

(h) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(j)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, 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 measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(u)(iv).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(j)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(j).

(i) Fixed assets

The following items of fixed assets are stated at cost less accumulated depreciation and impairment losses (see note 2(k)):

– buildings held for own use which are situated on leasehold land classified as held under operating leases (see note 2(j));

– other items of plant and equipment; and

– motor vehicles.

Gains or losses arising from the retirement or disposal of an item of fixed assets 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.

Depreciation is calculated to write off the cost of items of fixed assets, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

– Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion

– Leasehold improvements	3-10 years
– Plant and machinery	5 years
– Furniture, fixtures and equipment	3-7 years
– Motor vehicles	3-10 years

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2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Fixed assets (Continued)

Where parts of an item of fixed assets have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(j) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

– property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(h)); and

– land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 2(i). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(k). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 2(h)) or is held for sale (see note 2(l)(ii)).

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of assets

(i) Impairment of investments in equity securities and other receivables

Investments in equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale investments are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For investments in associates and joint ventures accounted for under the equity method in the consolidated financial statements (see note 2(e)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(k)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(k)(ii).
- For trade and other receivables carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.
- For available-for-sale investments, the cumulative loss that has been recognised in the investment revaluation reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

  Impairment losses recognised in profit or loss in respect of available-for-sale investments are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

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2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of assets (Continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– fixed assets;

– goodwill; and

– investments in subsidiaries, associates and joint ventures in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit) ("CGU").

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Inventories

(i) Construction and interior decorative materials and educational products

Inventories are carried at the lower of cost and net realisable value.

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.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(ii) Property development

Inventories in respect of property development activities are carried at the lower of cost and net realisable value. Cost and net realisable values are determined as follows:

– 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 (see note 2(w)). 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

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.

(m) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(k)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(n) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

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2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(t)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(q) Employee benefits

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.

(r) Share-based payments

The fair value of share options granted to suppliers is recognised as an expense with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the options were granted. Where the suppliers have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Income tax (Continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(h), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

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2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Company issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Company's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(t)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Company under the guarantee, and (ii) the amount of that claim on the Company is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle 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.

(u) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is possible that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of properties

Revenue arising from the sale of properties held for sale is recognised when the risks and rewards of ownership of the property have passed to the buyer. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under deposits received.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Revenue recognition (Continued)

(ii) Sales of goods

Revenue from sales of goods is recognised when goods are delivered and title has been passed. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(iii) Service income

Service income is recognised when services are provided. Service income is recognised net of business 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 business tax.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

(v) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into HKD at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into HKD at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the translation reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(w) Borrowing costs

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.

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2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the consolidated income statement, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

(y) 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) 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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes 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.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

Fair value of available-for-sale investments

Available-for-sale investments are carried in the consolidated statement of financial position at fair value, as disclosed in note 17. Management uses its judgement in selecting an appropriate valuation technique for available-for-sale investments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. The available-for-sale investments are valued using a discounted cash flow analysis based on inputs and assumptions, including observable market prices of the underlying assets held by the unlisted funds or the investee, the internal rate of return on investments and distribution policies of the respective unlisted funds or the investee. Any changes on these inputs and assumptions may result in significant changes in the fair values of the Group's available-for-sale investments reported at the end of the reporting period.

(b) Sources of estimation uncertainty

Notes 18, 28(e) and 29(e) contain information about the assumptions and their risk relating to goodwill impairment, fair value of share options granted and financial instruments. Other key sources of estimation uncertainty are as follows:

(i) Valuation of investment properties

Investment properties are included in the consolidated statement of financial position at their market value, 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 the net rental income and other available market survey reports.

The assumptions adopted in the property valuation include market rents of properties with similar characteristic within the vicinity, the appropriate discount rates and expected future market rents.

(ii) Assessment of impairment of non-current assets

Management assesses the recoverable amount of each asset based on its value in use (using relevant rates) or on its fair value less costs of disposal (by reference to market prices), depending upon the anticipated future plans for the asset. Estimating the value in use of an asset involves estimating the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and applying the appropriate discount rate to these future cash flows. Cash flow projections for the remaining useful life of the asset and the most recent financial budgets/forecasts are approved by management.

(iii) Assessment of provision for properties under development for sale

Management's assessment of net realisable value of properties under development for sale requires the application of a risk-adjusted discount rate to estimate future discounted cash flows to be derived from the properties under development for sale. These estimates require judgement as to the anticipated sale prices by reference to recent sale transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and 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.

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3 ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

(b) Sources of estimation uncertainty (Continued)

(iv) Impairment of trade receivables

The Group estimates impairment losses for bad and doubtful debts resulting from inability of the customers to make the required payments. The Group bases the estimates on the ageing of the trade receivable balance, customer credit-worthiness, and historical write-off experience. If the financial condition of the customers were to deteriorate, actual write-offs would be higher than estimated.

(v) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets are recognised for temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

4 TURNOVER AND SEGMENT REPORTING

(a) Turnover

Turnover represents income from sales of property, rental income and hospitality service fees, income from asset, investment and fund management services, revenue from distribution of construction and interior decorative materials and educational products supplied to customers.

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

	2014 $'000	2013 $'000
Property sales	**1,940,378**	–
Property rental income and hospitality services fee	**2,524**	–
Asset, investment and fund management	**85,163**	30,430
Distribution of construction and interior decorative materials and educational products	**173,332**	125,992
	2,201,397	156,422

(b) Segment reporting

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

(a) Property development – This segment derives its revenue from repositioning and value enhancement of property with a focus on development projects in prime locations in both Hong Kong and the People's Republic of China (the "PRC").

(b) Property investment and hospitality operations – This segment derives its revenue from leasing of premises within the Group's investment properties portfolio in the Greater China region and hospitality operations in Asia.

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

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

4 TURNOVER AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

Segment profit/(loss) represents profit earned by/(loss from) each segment, excluding income and expenses of the corporate function, such as other revenue and other net income, certain administrative and other operating expenses, finance costs, share of profits of associates and share of loss of a joint venture.

All assets are allocated to operating segments other than certain fixed assets, interest in associates, interest in a joint venture, certain available-for-sale investments, certain other receivables and deposits, amount due from an investee, amount due from a joint venture, certain restricted cash and pledged deposits, bank deposits and cash and taxation recoverable.

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

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

Segment results

For the year ended 31 March 2014

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

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

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4 TURNOVER AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

Segment results (continued)

For the year ended 31 March 2013

	Continuing operations				Discontinued operations					
	Property development $'000	Asset, investment and fund management $'000	Distribution of construction and interior decorative materials and educational products $'000	Sub-total $'000	Fitting-out works in Hong Kong $'000	Fitting-out works in Macau $'000	Fitting-out works in the PRC $'000	Sub-total $'000	Elimination $'000	Consolidated $'000
Revenue										
– External revenue	–	30,430	125,992	156,422	252,543	7,181	65,838	325,562	–	481,984
– Inter-segment revenue	–	14,747	46,610	61,357	12,103	–	–	12,103	(73,460)	–
Total	–	45,177	172,602	217,779	264,646	7,181	65,838	337,665	(73,460)	481,984
Segment profit/(loss)	(167)	1,997	15,858	17,688	13,379	1,395	2,041	16,815	–	34,503
Corporate expenses										(46,276)
Corporate income										4,192
Gain on disposal of subsidiaries										144,181
Share of profit of associates										10,593
Finance costs										(1,164)
Profit before taxation										146,029

4 TURNOVER 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:

	2014 $'000	2013 $'000
Segment assets		
Asset, investment and fund management	240,294	187,982
Property development	327,019	1,327,045
Property investment and hospitality operations	357,601	–
Distribution of construction and interior decorative materials and educational products	205,869	75,050
Total segment assets	1,130,783	1,590,077
Fixed assets	318	1,368
Interest in associates	98,688	79,453
Interest in a joint venture	13,584	–
Available-for-sale investments	–	121,720
Other receivables and deposits	1,585	5,766
Amount due from a joint venture	2,034	–
Amount due from an investee	–	35,571
Restricted cash and pledged deposits	–	27,661
Bank deposits and cash	957,847	230,033
Taxation recoverable	–	833
Total consolidated assets of the Group	2,204,839	2,092,482
Segment liabilities		
Asset, investment and fund management	15,735	6,541
Property development	435,193	953,780
Property investment and hospitality operations	86,727	–
Distribution of construction and interior decorative materials and educational products	139,240	12,736
Total segment liabilities	676,895	973,057
Other payables	2,344	45,777
Bank loans	–	13,888
Loans from non-controlling shareholders	50,097	28,152
Dividend payable	23,872	–
Taxation payable	–	3,511
Deferred tax liabilities	20,089	17,939
Total consolidated liabilities of the Group	773,297	1,082,324

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4 TURNOVER AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

Other segment information

For the year ended 31 March 2014

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

For the year ended 31 March 2013

	Continuing operations		Discontinued operations					
	Asset, investment and fund management $'000	Distribution of construction and interior decorative materials and educational products $'000	Fitting-out works in Hong Kong $'000	Fitting-out works in Macau $'000	Fitting-out works in the PRC $'000	Segment total $'000	Unallocated $'000	Consolidated $'000
Amounts included in the measure of segment results or segment assets:								
Additions of fixed assets	99	3,687	–	–	309	4,095	1,669	5,764
Depreciation of fixed assets	537	2,002	57	–	233	2,829	516	3,345
Amortisation of intangible assets	–	422	900	–	–	1,322	–	1,322
Gain/(loss) on disposal of fixed assets	–	74	–	–	–	74	(21)	53

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4 TURNOVER AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

Geographical information

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

	2014 $'000	2013 $'000
Hong Kong	**1,941,370**	33,992
The PRC	**259,035**	122,029
Others	**992**	401
	2,201,397	156,422

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

	2014 $'000	2013 $'000
Hong Kong	**146,778**	84,893
The PRC	**387,775**	31,766
Others	**13,654**	–
	548,207	116,659

5 OTHER REVENUE AND OTHER NET INCOME

	2014 $'000	2013 $'000
Continuing operations		
(a) Other revenue		
Interest income	**2,351**	2,236
Management fee income	**–**	1,260
Others	**575**	18
	2,926	3,514
(b) Other net income		
Gain on disposal of available-for-sale investments (Note)	**11,885**	–
Gain on disposal of fixed assets	**80**	74
Net foreign exchange (loss)/gain	**(671)**	1,883
Others	**–**	48
	11,294	2,005

Note: Gain on disposal of available-for-sale investments included a revaluation surplus of $11,885,000 (2013: $Nil) transferred from the investment revaluation reserve.

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5 OTHER REVENUE AND OTHER NET INCOME (Continued)

	2014 $'000	2013 $'000
Discontinued operations (note 9)		
(a) Other revenue		
Interest income	–	207
Others	–	100
	–	307
(b) Other net income		
Net foreign exchange loss	–	(104)
Loss on disposal of fixed assets	–	(21)
Gain on disposal of available-for-sale investments	–	3,151
Others	–	344
	–	3,370

6 PROFIT FOR THE YEAR

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

	2014 $'000	2013 $'000
(a) Finance costs		
Continuing operations		
Interests on bank loans	13,205	13,197
Imputed interests on loans from non-controlling shareholders	2,041	4,229
	15,246	17,426
Less: amounts capitalised (Note)	(8,128)	(16,715)
	7,118	711

Note: Interest was capitalised at an average annual rate of 1.6% (2013: 3.4%).

	2014 $'000	2013 $'000
Discontinued operations (note 9)		
Interest on bank loans	–	453

6 PROFIT FOR THE YEAR (Continued)

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

	2014 $'000	2013 $'000
(b) Other items		
Continuing operations		
Depreciation of fixed assets	1,406	2,791
Amortisation of intangible assets	–	422
Total depreciation and amortisation	1,406	3,213
Salaries, wages and other benefits	109,570	60,564
Contributions to defined contribution retirement plans (note 30)	2,487	2,660
Staff costs (including directors' remuneration)	112,057	63,224
Cost of inventories	128,480	94,458
Cost of trading properties for recognised sales	979,180	–
Operating lease payments in respect of leased properties	11,261	6,827
Rental receivable from investment properties less direct outgoings of $547,000 (2013: $Nil)	(985)	–
Impairment loss:		
– Inventories (note 20(a))	1,862	–
– Trade receivables (note 21(c))	17,249	–
Auditors' remuneration	1,987	1,573
Equity settled share-based payment (note 28 (e))	6,075	–
Discontinued operations		
Depreciation of fixed assets	–	554
Amortisation of intangible assets	–	900
Total depreciation and amortisation	–	1,454
Contract costs recognised as expense	–	288,021
Operating lease payments in respect of leased properties	–	1,641
Rental receivable from investment properties less direct outgoings of $Nil (2013: $6,000)	–	(94)
Staff costs:		
Gross staff costs (including directors' remunerations)	–	26,314
Less: Staff costs capitalised to contract costs	–	(18,696)
	–	7,618

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7 INCOME TAX

(a) Taxation in the consolidated income statement represents:

	2014 $'000	2013 $'000
Continuing operations		
Current tax		
Hong Kong Profits Tax		
– Provision for the year	**171,176**	1,490
– Over-provision in respect of prior year	**–**	(29)
	171,176	1,461
Macau complementary Tax	**–**	48
PRC Enterprise Income Tax	**9,699**	2,272
	180,875	3,781
Deferred tax		
Origination and reversal of temporary differences (note 27 (a))	**13,843**	–
	194,718	3,781

The provision for Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profits for the year, taking into account a one-off reduction of 75% of the tax payable for the year of assessment 2012/2013 subject to a ceiling of $10,000 allowed by the Hong Kong SAR Government for each business.

The provision for Macau Complementary Tax was calculated at progressive rates from 9% to 12% of the estimated assessable profits for the year ended 31 March 2013.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2013: 25%) for the year.

7 INCOME TAX (Continued)

(b) Reconciliation between tax expense and profit/(loss) before taxation from continuing operations at applicable tax rates:

	2014 $'000	2013 $'000
Profit/(loss) before taxation from continuing operations	**946,984**	(25,700)
Notional tax on profit/(loss) before taxation from continuing operations, calculated at rates applicable to profits in the countries concerned	**179,198**	(3,150)
Tax effect of share of profits of associates	**(3,546)**	(1,748)
Tax effect of share of loss of a joint venture	**227**	–
Tax effect of non-deductible expenses	**15,647**	6,457
Tax effect of non-taxable income	**(2,287)**	(606)
Over-provision in respect of prior year	**–**	(29)
Tax effect of unused tax losses not recognised	**12,295**	4,395
Utilisation of tax losses	**(6,645)**	(2,371)
Others	**(171)**	833
Actual tax expenses from continuing operations	**194,718**	3,781

(c) Share of associates' taxation for the year ended 31 March 2014 of $4,170,000 (2013: $1,877,000) is included in the share of profits of associates.

(d) Taxation in the statement of financial position represents:

	The Group 2014 $'000	2013 $'000
Provision for Hong Kong Profits Tax for the year	**171,176**	1,490
Balance of Profits Tax relating to prior year	**1,490**	(833)
PRC Enterprise Income Tax Payable	**9,247**	2,021
	181,913	2,678
Represented by:		
Taxation payable	**181,913**	3,511
Taxation recoverable	**–**	(833)
	181,913	2,678

(e) Tax effects relating to components of other comprehensive income:

Included in net change in fair value of available-for-sale investments and release of reserve upon disposal and deemed disposal of available-for-sale investments is deferred tax of $7,242,000 (2013: $13,070,000) and release of deferred tax liabilities of $4,451,000 (2013: $Nil) respectively.

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8 DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS

Directors' remuneration disclosed pursuant to section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonus (Note d) $'000	Retirement benefits scheme contributions $'000	Total 2014 $'000	Total 2013 $'000
Executive directors:						
Mr. Chan William (Note (a))	–	8,400	33,600	15	**42,015**	10,044
Mr. Ng Tak Kwan	6,720	–	10,880	–	**17,600**	7,103
Mr. Yip Chun Kwok	–	2,100	2,900	15	**5,015**	2,934
Non-executive director:						
Mr. Wong Kim Hung, Patrick (Note (b))	–	–	–	–	**–**	180
Independent non-executive directors:						
Mr. To King Yan, Adam	240	–	–	–	**240**	195
Mr. Wong Hoi Ki	240	–	–	–	**240**	195
Mr. Ho Kwok Wah, George	240	–	–	–	**240**	195
Former executive director:						
Mr. Leung Kai Ming (Note (c))	–	–	–	–	**–**	353
	7,440	10,500	47,380	30	**65,350**	21,199

Notes:

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

(b) Mr. Wong Kim Hung, Patrick was redesignated as an non-executive director on 5 January 2012 and resigned as an non-executive director on 1 July 2012. His emolument after redesignated as an non-executive director is separately disclosed as per above.

(c) Mr. Leung Kai Ming resigned on 1 July 2012.

(d) The discretionary bonus is determined by reference to the Group's operating results and the individual performance of the directors and approved by the remuneration committee.

8 DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS (Continued)

The emoluments for the five individuals with the highest emoluments in the Group included three (2013: three) executive directors of the Company for the year ended 31 March 2014. The emoluments of these executive directors are included in the disclosure set out above. The emoluments of the remaining two (2013: two) individuals were as follows:

	2014 $'000	2013 $'000
Salaries and other benefits	4,694	4,360
Discretionary bonus	–	4,096
Retirement benefit scheme contributions	54	–
	4,748	8,456

The emoluments were within the following bands:

	No. of individuals 2014 $'000	 2013 $'000
$2,000,001 to $2,500,000	1	–
$2,500,001 to $3,000,000	1	1
$5,500,001 to $6,000,000	–	1

During both years, no emolument was paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments for the years ended 31 March 2013 and 31 March 2014.

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9 DISCONTINUED OPERATIONS

On 16 May 2012, the Group entered into a sales and purchase agreement with an independent third party (the "Purchaser"), to partially dispose of its 85% equity interest in Sundart Holdings Limited, the then wholly-owned subsidiary of the Company, for a cash consideration of $493,000,000 (the "Disposal").

Sundart Holdings Limited was engaged in all of the Group's fitting-out works in Hong Kong, Macau and the PRC.

The Disposal was completed on 26 June 2012 and Sundart Holdings Limited and its subsidiaries ("Sundart Group") ceased to be subsidiaries of the Group. The Group's fitting-out works operations had been accounted for as "discontinued operations" in the consolidated financial statements of the Group for the year ended 31 March 2013.

Upon completion of the Disposal, the Group is able to exercise significant influence over Sundart Group because it has the power to appoint one out of five directors of Sundart Holdings Limited pursuant to the shareholders' agreement that was entered among the Company, the Purchaser and Sundart Holdings Limited. Accordingly, the Group accounted for its remaining 15% equity interest in Sundart Group as "interest in associates" and have been equity accounted for the financial results of Sundart Group in the consolidated financial statements of the Group.

(a) Discontinued operations – Sundart Group

The results of and profit from the discontinued operations for the period from 1 April 2012 to 26 June 2012 are analysed as follows:

	For the period from 1 April 2012 to 26 June 2012 $'000
Revenue	325,562
Cost of sales	(288,021)
Other income, other gains and losses	3,677
Selling expenses	(382)
Administrative expenses	(12,528)
Other expenses	(307)
Finance costs	(453)
Profit before taxation	27,548
Income tax expense	(2,765)
Profit for the period	24,783
Gain on disposal of fitting-out works operations	144,181
	168,964

9 DISCONTINUED OPERATIONS (Continued)

(b) The assets and liabilities of Sundart Group at the completion date of the Disposal were as follows:

	$'000
Property, plant and equipment	26,852
Investment property	6,747
Goodwill	1,510
Other intangible assets	14,654
Inventories	54,740
Trade and other receivables	207,683
Retention receivables	142,184
Bills receivable	2,708
Amounts due from customers for contract work	397,684
Amounts due from a non-controlling shareholder	12,509
Tax recoverable	3,260
Bank balances and cash	141,955
Trade and other payables	(327,564)
Amounts due to a non-controlling shareholder	(15,939)
Amount due to customers for contract work	(30,071)
Loan from a non-controlling shareholder	(80,000)
Tax payable	(24,549)
Bank borrowings	(105,148)
Deferred taxation	(1,018)
Net assets disposed of	428,197
Less: Interest in an associate at fair value on initial recognition	(67,625)
Release of translation reserve upon disposal of subsidiaries	(11,753)
Gain on disposal	144,181
Total consideration satisfied by cash	493,000

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company from continuing operations and discontinued operations of $421,874,000 and $Nil respectively (2013: $30,865,000 (loss) and $168,964,000 respectively) and the weighted average number of 477,447,000 ordinary shares in issued during both years.

(b) Diluted earnings per share

There are no potential diluted ordinary shares during the years ended 31 March 2014 and 31 March 2013.

11 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a profit of $490,930,000 (2013: $421,397,000) which has been dealt with in the financial statements of the Company.

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12 INVESTMENT PROPERTIES

(a) The Group

	2014 $'000	2013 $'000
At valuation:		
At 1 April	–	6,785
Additions from acquisition of assets through acquisition of a subsidiary (note 31)	300,238	–
Disposals	–	(6,747)
Revaluation surplus	55,373	–
Exchange adjustments	(44)	(38)
At 31 March	355,567	–

All investment properties are held in the PRC under medium-term leases.

At 31 March 2014, all investment properties were pledged to bank loans (note 25).

(b) Fair value hierarchy

(i) The Group's investment properties measured at fair value at the end of the reporting period on a recurring basis are categorised into three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

– Level 3 valuations: Fair value measured using significant unobservable inputs.

At 31 March 2014, the Group's investment properties fall into Level 3 of the fair value hierarchy as described above.

12 INVESTMENT PROPERTIES (Continued)

(b) Fair value hierarchy (Continued)

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur. During the year ended 31 March 2014, there were no transfers between Level 1 and Level 2 or transferred into or out of Level 3.

The investment properties in the PRC were revalued as at 31 March 2014 by 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 location and category of property being valued.

Valuation processes

The Group reviews the valuation performed by the independent valuers for financial reporting purposes by verifying all major inputs and assessing the reasonableness of the property valuations. A valuation report with an analysis of changes in fair value measurement is prepared at each interim and annual reporting date, and is reviewed and approved by the senior management.

Valuation methodologies

The fair value of investment propertie in the PRC is determined by discounting a projected cash flow series associated with the properties using discount rate. The valuation takes into account expected market rental growth of the properties. The discount rate used has been adjusted for the quality and location of the buildings and the tenant credit quality. The fair value measurement is positively correlated to the expected market rental growth and negatively correlated to the discount rate.

(ii) Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Range
Investment properties in the PRC	Discounted cash flow method	Expected market rental growth	2%-3%
		Discount rate	9%

The revaluation surplus or deficit arising on revaluation of investment properties is recognised in "increase/decrease in fair value of investment properties" in the consolidated income statement.

(c) The Group leases out investment properties under operating leases. The leases typically run for an initial period of 2 to 3 years, with an option to renew the leases after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

The Group's total minimum lease payments under non-cancellable operating leases are receivable as follow:

	2014 $'000	2013 $'000
Within 1 year	2,029	–
After 1 year but within 5 years	1,008	–
	3,037	–

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13 FIXED ASSETS

The Group

	Buildings held for own use $'000	Leasehold improvements $'000	Plant and machinery $'000	Furniture, fixtures and equipment $'000	Motor vehicles $'000	Total $'000
At cost:						
At 1 April 2012	–	13,047	17,652	8,292	2,838	41,829
Exchange adjustments	–	(37)	(74)	40	(7)	(78)
Acquisition of subsidiaries	–	506	–	978	–	1,484
Disposal of subsidiaries	–	(13,278)	(18,365)	(8,720)	(2,572)	(42,935)
Additions	–	2,816	787	2,161	–	5,764
Disposals	–	–	–	(44)	(259)	(303)
At 31 Mach 2013 and 1 April 2013	–	3,054	–	2,707	–	5,761
Exchange adjustments	–	70	–	117	–	187
Additions	47,485	1,145	–	534	–	49,164
Disposals	–	(48)	–	(516)	–	(564)
At 31 Mach 2014	47,485	4,221	–	2,842	–	54,548
Accumulated depreciation, amortisation and impairment losses:						
At 1 April 2012	–	2,751	6,844	3,329	1,118	14,042
Exchange adjustments	–	(1)	(36)	41	(3)	1
Disposal of subsidiaries	–	(3,331)	(7,931)	(3,752)	(1,069)	(16,083)
Charge for the year	–	1,238	1,123	845	139	3,345
Written back on disposals	–	–	–	(22)	(185)	(207)
At 31 Mach 2013 and 1 April 2013	–	657	–	441	–	1,098
Exchange adjustments	–	30	–	88	–	118
Charge for the year	–	758	–	648	–	1,406
Written back on disposals	–	(44)	–	(464)	–	(508)
At 31 Mach 2014	–	1,401	–	713	–	2,114
Net book value:						
At 31 Mach 2014	47,485	2,820	–	2,129	–	52,434
At 31 Mach 2013	–	2,397	–	2,266	–	4,663

Buildings held for own use are situated in Hong Kong under medium-term leases.

At 31 March 2014, all buildings held for own use (2013: $Nil) are pledged to bank loans (note 25).

14 INVESTMENTS IN SUBSIDIARIES

	The Company	
	2014	2013
	$'000	$'000
Unlisted shares, at cost	**35,549**	35,549

Details of principal subsidiaries are set out in note 38.

Amounts due from/to subsidiaries are unsecured, interest-free and recoverable/repayable on demand.

The following table lists out the information relating to Kailong REI Project Investment Consulting (Hong Kong) Co., Limited ("KLR Hong Kong"), the only subsidiary of the Group which has material non-controlling interest ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	2014	2013
	$'000	$'000
NCI percentage	**60.26%**	60.26%
Current assets	**51,397**	100,696
Non-current assets	**222,242**	131,029
Current liabilities	**(15,734)**	(43,111)
Non-current liabilities	**(1,860)**	(12,493)
Net assets	**256,045**	176,121
Carrying amount of NCI	**154,556**	106,252
Revenue	**88,584**	36,165
Profit for the year/period	**52,284**	6,895
Total comprehensive income	**67,316**	14,526
Profit allocated to NCI	**31,507**	3,862
Cash flows generated from/(used in) operating activities	**21,633**	(9,061)
Cash flows generated from/(used in) investing activities	**44,571**	(78,108)
Cash flows generated from financing activities	**–**	93,247

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15 INTEREST IN ASSOCIATES

(a)

	The Group 2014 $'000	The Group 2013 $'000	The Company 2014 $'000	The Company 2013 $'000
Unlisted shares, at cost	–	–	10,200	10,200
Share of net assets	98,688	79,453	–	–
	98,688	79,453	10,200	10,200
Amount due from an associate	–	2,817	–	–
Amount due to an associate	38,808	47,609	–	–

As at 31 March 2014 and 31 March 2013, the Group had interests in the following principal associates:

Name of entity	Form of business structure	Place/ country of incorporation	Principal place of operation	Class of share held	Proportion of issued capital held by the Group 2014	Proportion of issued capital held by the Group 2013	Profit sharing 2014	Profit sharing 2013	Proportion of voting power held in the board of directors 2014	Proportion of voting power held in the board of directors 2013	Principal activity
Sundart Holdings Limited	Incorporated	British Virgin Islands ("BVI")	Hong Kong	Ordinary	15%	15%	15%	15%	20% (Note (a))	20% (Note (a))	Investment holding
Sundart Timber Products Company Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	15% (Note (b))	15% (Note (b))	15%	15%	20%	20%	Investment holding and supply and installation of timber doors and floor sets and interior fitting-out works
Sundart Engineering Services (Macau) Limited	Incorporated	Macau	Macau	Ordinary	15% (Note (b))	15% (Note (b))	15%	15%	20%	20%	Supply and installation of timber doors and floor sets and interior fitting-out works
Kin Shing (Leung's) General Contractors Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	15% (Note (b))	15% (Note (b))	15%	15%	20%	20%	Construction and civil engineering works

Notes:

(a) The Group is able to exercise significant influence over Sundart Holdings Limited because it has power to appoint one out of five directors of Sundart Holdings Limited pursuant to the shareholders' agreement upon completion of the Disposal (see note 9).

(b) These entities are wholly-owned subsidiaries of Sundart Holdings Limited.

(c) Sundart Holdings Limited is an unlisted corporate entity whose quoted market price is not available.

(b) All of the above associates are accounted for using the equity method in the consolidated financial statements.

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15 INTEREST IN ASSOCIATES (Continued)

(c) Summary financial information of associates

Set out below is the summarised consolidated financial information of a material associate, Sundart Holdings Limited, adjusted for any differences in accounting policies and reconciled to the carrying amounts in the consolidated financial statements.

	2014 $'000	2013 $'000
Gross consolidated amounts of the associate		
Current assets	1,856,546	1,444,304
Non-current assets	47,179	52,009
Current liabilities	(1,208,328)	(913,273)
Non-current liabilities	(23,108)	(45,630)
Net assets	672,289	537,410
Revenue	2,486,598	1,447,328
Profit for the year/period	148,866	81,462
Other comprehensive income	6,013	970
Total comprehensive income	154,879	82,432
Profit attributable to shareholders	143,275	81,727
Dividend received from the associate	3,000	–
Reconciliation to the Group's interest in the associate		
Gross amounts of consolidated net assets of the associate	672,289	537,410
Non-controlling interests of the associate	(37,008)	(30,365)
	635,281	507,045
Group's effective interest	15%	15%
Group's share of consolidated net assets of the associate	95,291	76,056
Goodwill	3,397	3,397
Carrying amount in the consolidated financial statements	98,688	79,453
Group's share of associate's profits	21,491	12,259

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15 INTEREST IN ASSOCIATES (Continued)

(d) Amount due from an associate is unsecured, interest-free and recoverable on demand.

(e) Amount due to an associate

	2014 $'000	2013 $'000
Contract creditor	33,093	36,180
Retentions payable	5,715	11,429
	38,808	47,609

Amount due to an associate is unsecured and interest-free. The contract creditor is within the credit period of 30 days. The retentions payable is expected to be paid after one year.

16 INTEREST IN A JOINT VENTURE

	The Group 2014 $'000	2013 $'000
Share of net assets, unlisted	13,584	–

In January 2014, the Group injected capital of $14,961,000 to set up a joint venture, RS Hospitality Private Limited.

At 31 March 2014, the Group had interest in the following joint venture:

Name of entity	Form of business structure	Place of incorporation	Principal place of operation	Particulars of issued capital	Proportion of issued capital held by the Group 2014	2013	Principal activity
RS Hospitality Private Limited	Incorporated	Bhutan	Bhutan	BTN239,400,000	50%	–	Operation of boutique resorts

RS Hospitality Private Limited is not material to the Group. Aggregate information of the Group's share of the joint venture is as follows:

	2014 $'000	2013 $'000
Revenue	242	–
Loss and total comprehensive income for the year	1,377	–

The amount due from a joint venture is unsecured, interest-free and recoverable on demand.

17 AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2014 **$'000**	2013 $'000
Unlisted investment in an investee (note 31)	**–**	121,720
Unlisted fund investment in the PRC	**98,632**	131,806
Unlisted equity securities in the PRC	**88,436**	–
	187,068	253,526

At 31 March 2013, the unlisted investment in an investee represents equity investment in Bestlinkage NHI Co. Ltd. ("Bestlinkage"). On 31 July 2013, the Group completed the acquisition of the remaining equity interest in Bestlinkage, details are set out in note 31. Bestlinkage is principally engaged in the holding of investment property in the PRC.

The unlisted fund investment represent investment in funds in the PRC. These funds principally invest in real estate properties in the PRC.

18 GOODWILL

	The Group $'000
Cost and carrying amount:	
At 1 April 2012	1,510
–Acquisition of subsidiaries (Note)	27,934
–Disposal of subsidiaries	(1,510)
At 31 March 2013, 1 April 2013 and 31 March 2014	27,934

Note: Goodwill of $27,934,000 represents the excess of consideration paid over the fair value of net assets identifiable on the acquisition of a subsidiary, KLR Hong Kong, in July 2012. For the purpose of impairment test, the carrying amount of goodwill had been allocated to KLR Hong Kong representing a CGU carrying out the activities under the asset, investment and fund management segment.

The recoverable amounts of CGU of the asset, investment and fund management segment have been determined based on a value in use calculation. The calculation uses cash flow projections based on the most recent financial budgets approved by management covering a 5-year period. Cash flows beyond the 5-year period are extrapolated using a steady 3% growth rate. The cash flows are discounted using a discount rate of 19% (2013: 19%). The discount rate used are pre-tax and reflect specific risks relating to the segment. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amounts of the CGU to exceed the aggregate recoverable amounts of CGU.

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19 PROPERTIES FOR SALE

	The Group	
	2014	2013
	$'000	$'000
At cost:		
Completed properties held for sale	**75,497**	–
Properties under development for sale	**199,984**	1,171,091
	275,481	1,171,091

(a) At 31 March 2014, properties under development for sale of $199,984,000 (2013: $196,361,000) are expected to be completed after more than one year from the end of the reporting period.

(b) At 31 March 2014, completed properties held for sale and the carrying amount of leasehold land of $193,746,000 (2013: $193,746,000) included in properties under development for sale are situated in Hong Kong under medium-term leases.

(c) Except for completed properties held for sale of $553,000 (2013: $Nil), all properties for sale were pledged to bank loans (note 25).

20 INVENTORIES

	The Group	
	2014	2013
	$'000	$'000
At cost:		
Finished goods held for sale	**57,678**	12,361
Inventories-in-transit	**33,503**	384
	91,181	12,745

(a) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	The Group	
	2014	2013
	$'000	$'000
Carrying amount of inventories sold	**128,480**	94,458
Write down of inventories	**1,862**	–
	130,342	94,458

21 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Trade receivables	**105,508**	64,541	**–**	–
Other receivables, deposits and prepayments	**36,662**	32,592	**635**	160
	142,170	97,133	**635**	160
Less: Other receivables and deposits expected to be recovered after one year (Note (a))	**(9,725)**	(14,340)	**–**	–
	132,445	82,793	**635**	160

Note:

(a) Include in trade and other receivables at 31 March 2014 are loan receivables of $9,725,000 (2013: $9,731,000) which are unsecured, interest-free (2013: interest-bearing at 1.24% per annum) and the directors expect these balances are recoverable after one year (2013: after two years) from the end of the reporting period.

(b) At 31 March 2014, the ageing analysis of trade receivables based on invoice date, net of allowance of bad debts, are as follows:

	The Group	
	2014	2013
	$'000	$'000
1-30 days	**47,785**	34,367
31-60 days	**37,116**	22,536
61-90 days	**15,219**	103
Over 90 days	**5,388**	7,535
	105,508	64,541

Except for the Group's trade customers, which the Group allows an average credit period of 90 days (2013: 75 days), all invoices are due upon issue.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customers. Recoverability of the existing customers is reviewed by the Group regularly. Further details on the Group's credit policy are set out in note 29(a).

21 TRADE AND OTHER RECEIVABLES (Continued)

(c) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly (see note 2(k)).

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

	The Group	
	2014	2013
	$'000	$'000
Impairment loss recognised	**17,249**	–
Exchange adjustments	**26**	–
At 31 March	**17,275**	–

At 31 March 2014, the Group's trade receivables of $17,275,000 (2013: $Nil) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that these receivables were not expected to be recovered. Consequently, specific allowances for doubtful debts of $17,275,000 (2013: $Nil) was recognised.

(d) Trade receivables that are not impaired

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

	The Group	
	2014	2013
	$'000	$'000
Neither past due nor impaired	**93,802**	56,878
1-30 days	**648**	1,895
31-60 days	**1,869**	92
61-90 days	**6,328**	36
Over 90 days	**2,861**	5,640
	11,706	7,663
	105,508	64,541

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

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

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22 RESTRICTED CASH AND PLEDGED DEPOSITS

	The Group	
	2014	2013
	$'000	$'000
Restricted bank deposits (Note (a))	**851**	149,022
Pledged bank deposits (Note (b))	**–**	27,661
	851	176,683

Notes:

(a) Restricted bank balances included bank deposits of $851,000 (2013: $149,022,000) in respect of certain sales proceeds received from the pre-sale of Rykadan Capital Tower, withdrawals from which are designated for payments for expenditure in accordance with relevant terms and conditions set out in the stakeholders agreement.

(b) As at 31 March 2013, the balances also included $27,661,000 in an escrow account kept by an independent escrow agent, pursuant to the SP Agreement (as defined in note 31), for the acquisition of assets and liabilities through acquisition of a subsidiary (see note 31 for details). During the year ended 31 March 2014, the balance has been released in accordance with relevant terms and conditions as set out in the SP Agreement.

23 BANK DEPOSITS AND CASH

(a) Deposits and cash comprise:

	The Group		The Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Deposits with banks	**703,424**	17,038	**530,424**	14,038
Cash at bank and in hand	**254,423**	212,995	**69,480**	100,093
Deposits and cash in the statement of financial position	**957,847**	230,033	**599,904**	114,131
Less: Bank deposits with maturity over 3 months	**(170,000)**	–	**–**	–
Cash and cash equivalents in the consolidated cash flow statement	**787,847**	230,033	**599,904**	114,131

At 31 March 2014, bank deposits and cash include $42,124,000 (2013: $10,791,000) which are denominated in Renminbi ("RMB"), HKD and United States Dollars ("USD"), the remittance of which is subject to relevant rules and regulations of foreign exchange control promulgated by the PRC Government.

Bank deposits of the Group carry interest at market rates which range from 0.34% to 2.40% (2013: 0.34% to 1.00%) per annum.

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23 BANK DEPOSITS AND CASH (Continued)

(b) Reconciliation of profit before taxation to cash generated from/(used in) operations:

	Note	2014 $'000	2013 $'000
Operating activities			
Profit for the year		**752,266**	139,483
Adjustments for:			
Depreciation of fixed assets	*13*	**1,406**	3,345
Amortisation of intangible assets		**–**	1,322
Gain on disposal of subsidiaries		**–**	(144,181)
Gain on disposal of fixed assets	*5(b)*	**(80)**	(53)
Increase in fair value of investment properties	*12(a)*	**(55,373)**	–
Gain on disposal of available-for-sale investments	*5(b)*	**(11,885)**	(3,096)
Interest income	*5(a)*	**(2,351)**	(2,443)
Interest expenses	*6(a)*	**7,118**	1,164
Share of profits of associates		**(21,491)**	(10,593)
Share of loss of a joint venture	*16*	**1,377**	–
Impairment loss on inventories	*20(a)*	**1,862**	–
Impairment loss on trade receivables	*21(c)*	**17,249**	–
Equity settled share-based payments	*28(e)*	**6,075**	–
Others		**1,531**	7,432
Income tax expense from continuing and discontinued operations		**194,718**	6,546
Operating profit/(loss) before changes in working capital		**892,422**	(1,074)
Decrease/(increase) in properties for sale		**846,378**	(371,563)
Increase in inventories		**(80,298)**	(31,584)
Decrease in amount due from a related company		**–**	2,100
Increase in trade and other receivables		**(60,311)**	(71,578)
Decrease in amount due from an associate		**2,817**	612
Increase in amount due from a joint venture		**(2,034)**	–
Increase in amounts due from customers for contract work		**–**	(18,299)
Increase/(decrease) in trade and other payables		**25,421**	(13,843)
(Decrease)/increase in deposits received from sale of properties		**(388,081)**	388,081
Decrease/(increase) in restricted cash and pledged deposits		**175,832**	(176,683)
(Decrease)/increase in amount due to an associate		**(8,801)**	47,609
Increase in amounts due to customers for contract work		**–**	16,304
Cash generated from/(used in) operations		**1,403,345**	(229,918)

(c) Major non-cash transaction

During the year ended 31 March 2014, properties under development for sale of $42,907,000 (2013: $Nil) were transferred to fixed assets upon completion.

24 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Financial liabilities:				
Trade payables (including bills payable)	**78,134**	12,824	**–**	–
Other payables and accruals	**24,402**	12,094	**1,432**	5,964
Retentions payable	**–**	1,009	**–**	–
Consideration payable for acquisition of a subsidiary (note 31)	**–**	39,188	**–**	–
	102,536	65,115	**1,432**	5,964
Non-financial liabilities:				
Advances received from customers	**10,240**	3,105	**–**	–
Other non-financial liabilities	**472**	1,090	**–**	–
	10,712	4,195	**–**	–
	113,248	69,310	**1,432**	5,964

All trade and other payables are expected to be settled within one year.

At 31 March 2014, the ageing analysis of trade payables, based on the invoice date, is as follows:

	The Group	
	2014	2013
	$'000	$'000
1-30 days	**76,709**	9,770
31-60 days	**–**	111
61-90 days	**223**	69
Over 90 days	**1,202**	2,874
	78,134	12,824

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25 BANK LOANS

At 31 March 2014, the bank loans and trust receipt loans were repayable as follows:

	The Group	
	2014	2013
	$'000	$'000
Within 1 year or on demand	**161,296**	304,125
After 2 years but within 5 years	**145,892**	96,970
After 5 years	**16,082**	–
	161,974	96,970
	323,270	401,095

At 31 March 2014, the bank loans and trust receipt loans were secured as follows:

	The Group	
	2014	2013
	$'000	$'000
Secured bank loans	**273,272**	387,207
Unsecured bank loans		
– Bank loans	**15,000**	–
– Trust receipt loans	**34,998**	13,888
	323,270	401,095

(a) At 31 March 2014, bank loans drawn in Hong Kong bear interest at rates range from 2.0% to 2.5% (2013: 2.0% to 2.5%) per annum over the Hong Kong Interbank Offer Rate or London Interbank Offer Rate and interests are repriced every one to three months.

(b) At 31 March 2014, bank loans drawn in the PRC bear interest at The People's Bank of China Base Interest Rate per annum (2013: Nil).

(c) At 31 March 2014, the bank loans of approximately $149,066,000 (2013: $13,888,000) that are repayable within one year from the end of the reporting period contains a repayable on demand clause.

(d) At 31 March 2014, banking facilities of certain subsidiaries of the Group were secured by mortgages over investment properties, properties for sale and buildings held for own use with an aggregate carrying value of $355,567,000 (2013: $Nil), $274,928,000 (2013: $1,171,091,000) and $47,485,000 (2013: $Nil) respectively (notes 12, 13 and 19). Such banking facilities amounted to $414,175,000 (2013: $929,370,000) were utilised to the extent of $273,272,000 at 31 March 2014 (2013: $387,207,000).

(e) Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's statement of financial position ratios. If the Group were to breach the covenants the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants.

At 31 March 2014, none of the covenants relating to the drawn down facilities had been breached (2013: Nil).

Further details of the Group's management of liquidity risk are set out in note 29(b).

26 LOANS FROM NON-CONTROLLING SHAREHOLDERS

(a) At 31 March 2014, the loans from non-controlling shareholders of $72,097,000 (2013: $50,152,000) are unsecured, interest-free and are repayable on demand.

(b) At 31 March 2013, included in the loans from non-controlling shareholders were the amounts of $104,627,000 which were unsecured, interest-free and were repayable after the settlement of bank loans advanced to Vital Success Development Limited, a non-wholly owned subsidiary of Wit Legend Investments Limited ("Wit Legend"), which is an indirect non-wholly owned subsidiary of the Company.

Pursuant to the terms of shareholder's agreement entered into between the Group and the two non-controlling shareholders of Wit Legend on 24 June 2011, the board of directors of Wit Legend may request all shareholders of Wit Legend to provide interest-free loans in accordance with their respective shareholding ratios. Fair value adjustments at effective interest rate of 4.1% per annum on these additional interest-free loans were made at initial recognition and were recognised in equity as deemed capital contribution from non-controlling shareholders. As at 31 March 2013, the aggregate principal amount of the loans from non-controlling shareholders of Wit Legend was $107,256,000.

The bank loans were fully repaid in January 2014, and accordingly, the full amount of the loans from non-controlling shareholders of Wit Legend was repaid during the year ended 31 March 2014.

(c) During the year ended 31 March 2014, finance costs of $2,041,000 (2013: $4,229,000) were recognised of which imputed interest costs of $1,749,000 (2013: $3,641,000) has been capitalised in properties under development for sale.

27 DEFERRED TAX LIABILITIES

(a) Deferred tax liabilities recognised:

The Group

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Revaluation of properties $'000	**Revaluation of available-for-sale investments** $'000	**Total** $'000
At 1 April 2012	1,022	–	1,022
Exchange adjustments	(4)	1	(3)
Acquisition of subsidiaries	–	4,868	4,868
Disposal of subsidiaries	(1,018)	–	(1,018)
Charged to reserves	–	13,070	13,070
At 31 March 2013 and 1 April 2013	–	17,939	17,939
Charged to profit or loss	13,843	–	13,843
Credited to reserves	–	(11,693)	(11,693)
At 31 March 2014	13,843	6,246	20,089

(b) 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 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 the PRC subsidiaries amounting to $14,035,000 (2013: $6,020,000) 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.

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27 DEFERRED TAX LIABILITIES (Continued)

(c) Deferred tax assets not recognised:

At the end of the reporting period, the Group had unused estimated tax losses of approximately $84,525,000 (2013: $53,280,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unrecognised estimated tax losses of $33,864,000 attributable to subsidiaries acquired during the year ended 31 March 2013 due to unpredictability of future profit streams. Included in unrecognised estimated tax losses are losses of approximately $24,686,000 (2013: $28,053,000) that will expire on various dates up to 2018 as set out below. Other losses of approximately $59,839,000 (2013: $25,227,000) may be carried forward indefinitely.

	2014 **$'000**	2013 $'000
Expired in:		
2014	**–**	24,298
2015	**–**	–
2016	**–**	–
2017	**2,320**	3,755
2018	**22,366**	–
	24,686	28,053

28 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	2014 **Number of shares**	**2014** **$'000**	2013 Number of shares	2013 $'000
Authorised:				
Ordinary share of $0.01 each	**1,000,000,000**	**10,000**	1,000,000,000	10,000
Issued and fully paid:				
Ordinary share of $0.01 each	**477,447,000**	**4,774**	477,447,000	4,774

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

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28 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Reserves

(i) The Group

	Share premium	Legal reserve	Statutory reserve	Investment revaluation reserve (note (i))	Property revaluation reserve	Translation reserve (note (ii))	Shareholder's contribution reserve	Capital reserve (note (iii))	Other reserves (note (iv))	Special reserve (note (v))	Total	Retained profits	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 April 2012	469,130	61	690	3,151	1,242	13,030	6,615	–	71,146	66,139	631,204	314,600	945,804
Profit for the year	–	–	–	–	–	–	–	–	–	–	–	138,099	138,099
Other comprehensive income	–	–	–	11,693	–	(12,743)	–	–	–	–	(1,050)	–	(1,050)
Total comprehensive income for the year	–	–	–	11,693	–	(12,743)	–	–	–	–	(1,050)	138,099	137,049
Dividends declared in respect of the current year (note 28(c))	–	–	–	–	–	–	–	–	–	–	–	(222,013)	(222,013)
Share of other reserves of associates	–	–	–	–	–	–	–	–	(578)	–	(578)	–	(578)
Reclassification of reserves upon disposal of subsidiaries	–	(61)	(690)	–	(1,242)	–	(6,615)	–	(33,600)	1,161	(41,047)	41,047	–
At 31 March 2013 and 1 April 2013	469,130	–	–	14,844	–	287	–	–	36,968	67,300	588,529	271,733	860,262
Profit for the year	–	–	–	–	–	–	–	–	–	–	–	421,874	421,874
Other comprehensive income	–	–	–	(8,475)	–	1,121	–	–	–	–	(7,354)	–	(7,354)
Total comprehensive income for the year	–	–	–	(8,475)	–	1,121	–	–	–	–	(7,354)	421,874	414,520
Dividend declared in respect of the current year (note 28(c))	–	–	–	–	–	–	–	–	–	–	–	(23,872)	(23,872)
Dividend in respect of the prior year (note 28(c))	–	–	–	–	–	–	–	–	–	–	–	(23,872)	(23,872)
Equity settled share-based transactions (note 28(e))	–	–	–	–	–	–	–	6,075	–	–	6,075	–	6,075
At 31 March 2014	469,130	–	–	6,369	–	1,408	–	6,075	36,968	67,300	587,250	645,863	1,233,113

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28 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Reserves (Continued)

(ii) The Company

	Share premium $'000	Special reserve (note (v)) $'000	Retained profits $'000	Total $'000
At 1 April 2012	469,130	67,300	61,915	598,345
Profit and other comprehensive income for the year	–	–	421,397	421,397
Dividends declared in respect of the current year (note 28(c))	–	–	(222,013)	(222,013)
At 31March 2013 and 1 April 2013	**469,130**	**67,300**	**261,299**	**797,729**
Profit and other comprehensive income for the year	**–**	**–**	**490,930**	**490,930**
Dividend declared in respect of the current year (note 28(c))	**–**	**–**	**(23,872)**	**(23,872)**
Dividend declared in respect of the prior year (note 28(c))	**–**	**–**	**(23,872)**	**(23,872)**
At 31March 2014	**469,130**	**67,300**	**704,485**	**1,240,915**

Notes:

(i) Investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale investments held at the end of the reporting period, net of related deferred tax (if any), and is dealt with in accordance with the accounting policies in note 2(g).

(ii) 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 policies set out in note 2(v).

(iii) At 31 March 2014, the capital reserve represents the movement of fair value of unexercised share options granted by a wholly-owned subsidiary of the Company to an independent third party in respect of the provision of the marketing and consultancy services (note 28(e)). The Group recognised equity share-based payments of $6,075,000 (2013: $Nil) in respect of these services for the year ended 31 March 2014.

(iv) At 31 March 2014, other reserves include the amount recognised upon disposal of partial interest in a subsidiary of $36,968,000 (2013: $36,968,000). The Group released the reserve movement of $33,600,000 upon disposal of subsidiaries during the year ended 31 March 2013.

(v) Pursuant to a deed for sale and purchase dated 3 August 2009 entered into between Tiger Crown Limited, Scenemay Holdings Limited, Mr. Ng Tak Kwan, Mr. Leung Kai Ming and Mr. Wong Kim Hung, Patrick as vendors (collectively referred to as the "Vendors"), and the Company as purchaser, the Company issued 69,990,000 shares of $0.01 each amounting to approximately $700,000 to the Vendors for acquiring the entire issued capital of Sundart Holdings Limited in proportion to their respective holding in Sundart Holdings Limited. The acquisition of Sundart Holdings Limited by the Company is accounted for as a group reorganisation involving interspersing the Company between the Vendors and Sundart Holdings Limited. The consolidated financial statements are prepared as a continuation of Sundart Group. Special reserve of the Group amounting to approximately $67,300,000 representing the difference between the nominal value of the shares issued by the Company and the issued share capital and share premium of Sundart Holdings Limited at the date of the share swap.

28 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Dividends

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

	2014 $'000	2013 $'000
Interim dividend declared of 5 cents per share (2013: 5 cents per share)	**23,872**	23,872
Special dividend declared and paid of Nil cents per share (2013: 35 cents per share)	**–**	167,107
Final dividend declared and paid after the year of 32 cents per share (2013: 5 cents per share)	**152,783**	23,872
	176,655	214,851

Interim dividend of $23,872,000 in respect of the year ended 31 March 2014 was declared on 29 November 2013 and was paid on 9 April 2014.

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

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

	2014 $'000	2013 $'000
Final dividend in respect of the previous financial year of 5 cents per share (2013: 6.5 cents per share)	**23,872**	31,034

(d) Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, which includes bank loans disclosed in note 25, bank deposits and cash and equity attributable to the shareholders of the Company, comprising issued share capital, other reserves and retained profits.

The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through payment of dividends, issue of new shares as well as issue of new debts or redemption of existing debts.

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28 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(e) Equity settled share-based transactions of a subsidiary

On 27 June 2013, Q-Stone Buildings Materials Limited ("Q-Stone"), a wholly-owned subsidiary of the Company, entered into the share option agreement ("Share Option Agreement") with Fine China Limited ("Fine China"), an independent third party to the Group, pursuant to which Q-Stone has agreed to grant to Fine China the share option ("Share Option") which entitles Fine China to subscribe at an option price higher of (i) 30% of the audited consolidated net asset value of Q-Stone as at 31 March 2013 and (ii) the aggregate nominal value of the shares, for such number of shares shall represent 30% of the total shares of Q-Stone, in return for the provision of marketing and consultancy services by Fine China to Q-Stone.

The Share Option shall vest if and when Q-Stone has achieved an accumulated consolidated profit of $75,000,000 on or before 31 March 2016 (the "Target").

Fine China may exercise the Share Option in whole (and not part only) within 4 months from the date of the written notification given by Q-Stone to Fine China pursuant to the Share Option Agreement which reveals that the Target has been achieved. The Share Option is expected to have a 2-year vesting period.

The fair value of services received in return for Share Option granted is measured by reference to the fair value of Share Option granted. The estimated of the fair value of the Share Option granted is measured based on a Black-Scholes Option Pricing Model. The contractual life of the Share Option is used as an input into this model.

Fair value of Share Option and assumptions

	31 March 2014
Fair value at measurement date	**16,055**
Underlying value of shares	**19,500**
Exercise price	**3,491**
Expected volatility	**44.51%**
Option life	**2.34 years**
Risk-free interest rate	**0.445%**

The expected volatility is made reference to expected volatility of listed entities of similar business nature.

Share Option was granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the Share Option granted.

No option was exercised, cancelled or forfeited during the year ended 31 March 2014.

The Group recognised expenses of $6,075,000 related to equity settled share-based payment transactions during the year ended 31 March 2014.

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group's major financial instruments include available-for-sale investments, trade and other receivables, amount due from an associate, amount due from a joint venture, amount due from an investee, restricted cash and pledged deposits, bank deposits and cash, trade and other payables, amount due to an associate, dividend payable, loans from non-controlling shareholders and bank loans. The risks associated with these financial instruments include credit risk, liquidity risk, interest rate risk and currency risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Credit risk

As at 31 March 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, management of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivables, amount due from an associate, amount due from a joint venture and amount due from an investee at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

At the end of the reporting period, other than concentration of credit risks on trade receivables from one (2013: three) customer of approximately $79,103,000 (2013: $55,959,000) located in the PRC, the Group does not have any other significant concentration of credit risk. The trade receivables due from the one (2013: three) customer of $31,552,000 (2013: $26,571,000) have been settled subsequent to the end of reporting period.

The policy of allowances for doubtful debts of the Group is based on the evaluation and estimation of collectability and aging analysis of the outstanding debts. Specific allowance is only made for receivables that are unlikely to be collected. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. The management also closely monitors the subsequent settlement of the counterparties. In this regard, the directors of the Company consider that the credit risk is significantly reduced.

The Group's bank deposits and cash are deposited with banks with high credit-ratings and has limited exposure to any single financial institution, so the Group has limited credit risk on liquid funds.

(b) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Company monitors the utilisation of bank loans and ensures compliance with loan covenants.

As at 31 March 2014, the Group has available unutilised bank loan facilities of approximately $362,377,000 (2013: $818,058,000).

The remaining contractual maturity for financial liabilities of the Company, which are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay, is within one year or on demand.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayable on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates.

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29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

The Group

	Weighted average interest rate %	Less than 4 months or on demand $'000	Between 4 to 6 months $'000	Between 7 to 12 months $'000	Between 1 to 5 years $'000	Over 5 years $'000	Total undiscounted cash flows $'000	Total carrying amount $'000
At 31 March 2014								
Non-derivative financial liabilities								
Trade and other payables	N/A	101,983	–	553	–	–	102,536	102,536
Loans from non-controlling shareholders	N/A	72,097	–	–	–	–	72,097	72,097
Bank loans	4.45%	151,035	8,078	9,799	161,025	17,083	347,020	323,270
Amount due to an associate	N/A	38,808	–	–	–	–	38,808	38,808
Dividend Payable	N/A	23,872	–	–	–	–	23,872	23,872
		387,795	8,078	10,352	161,025	17,083	584,333	560,583

	Weighted average interest rate %	Less than 4 months or on demand $'000	Between 4 to 6 months $'000	Between 7 to 12 months $'000	Between 1 to 5 years $'000	Total undiscounted cash flows $'000	Total carrying amount $'000
At 31 March 2013							
Non-derivative financial liabilities							
Trade and other payables	N/A	63,424	1,691	–	–	65,115	65,115
Amount due to an associate	N/A	47,609	–	–	–	47,609	47,609
Loans from non-controlling shareholders	3.25	50,152	–	107,256	–	157,408	154,779
Bank loans	2.70	17,307	660	288,798	103,031	409,796	401,095
		178,492	2,351	396,054	103,031	679,928	668,598

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29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk

The Group's interest rate risk relates primarily to variable-rate bank balances and bank loans. The interest rates of interest bearing financial assets and liabilities are disclosed in notes 23 and 25. The directors consider the Group's exposure to interest rate risk of variable-rate bank balances is not significant as interest bearing deposits are within short maturity periods so no sensitivity analysis is presented for bank balances. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

Sensitivity analysis

For variable-rate bank loans, the analysis is prepared assuming the bank loans outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2013: 50 basis points) increase or decrease in variable-rate bank loans represents management's assessment of the reasonably possible change in interest rates. If interest rate increases/decreases by the aforesaid basis point, and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2014 would decrease/increase by approximately $912,000 (2013: $58,000) and finance costs capitalised in properties under development for sale would increase/decrease by approximately $485,000 (2013: $1,936,000).

In the opinion of the directors, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

(d) Currency risk

The Group entities collect most of the revenue and incur most of the expenditures in their respective functional currencies. The directors of the Company consider that the Group's exposure to currency risk is insignificant as the majority of the Group's transactions are denominated in the functional currency of each individual group entity.

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

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

The Group

	Assets		Liabilities	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
USD against HKD	**25,632**	21,658	**–**	554
USD against RMB	**19,500**	70,380	**972**	–
HKD against RMB	**1,550**	28,819	**–**	110
Euro against HKD	**12,157**	30	**111,908**	22,296

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(Expressed in Hong Kong dollars)

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Currency risk (Continued)

Sensitivity analysis

As HKD is pegged to USD, the Group does not expect any significant foreign currency exposure arising from the fluctuation of the USD/HKD exchange rates. As a result, the directors of the Company consider that the sensitivity of the Group's exposure towards the change in foreign exchange rates between USD/HKD is minimal.

The following table details the Group's sensitivity to a 5% (2013: 5%) increase and decrease in USD against RMB, HKD against RMB and Euro against HKD. 5% (2013: 5%) represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis of the Group's exposure to currency risk at the end of the reporting period has been determined based on the change taking place at the beginning of the financial year and held constant throughout the reporting period. The sensitivity analysis of the Group's exposure to currency risk at the end of the reporting period includes only outstanding foreign currency denominated monetary items.

A positive number below indicates an increase in post-tax profit for the current year where USD strengthen against RMB, HKD strengthens against RMB or Euro strengthens against HKD. For a 5% (2013: 5%) weakening of USD against RMB, HKD against RMB or Euro against HKD, there would be an equal and opposite impact on the post-tax profit for the year as set out below:

	USD against RMB impact		**HKD against RMB impact**		**Euro against HKD impact**	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000
Increase/(decrease) in post-tax profit	**695**	2,639	**58**	1,077	**(4,165)**	(930)

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

(e) Fair value measurement

(i) *Financial assets and liabilities measured at fair value*

Fair value hierarchy

The Group's financial instruments measured at fair value at the end of the reporting period on a recurring basis are categorised into three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

– Level 3 valuations: Fair value measured using significant unobservable inputs.

At 31 March 2014, the Group's unlisted available-for-sale investments are stated at fair value of $187,068,000 (2013: $253,526,000) and were categorised as Level 3.

During the years ended 31 March 2014 and 31 March 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 of the fair value hierarchy classifications.

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29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(e) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (continued)

The movement during the year in the balance of Level 3 fair value measurements is as follows:

	The Group	
	2014	2013
	$'000	$'000
Unlisted available-for-sale investments:		
At 1 April	**253,526**	15,611
Additions	**71,087**	7,192
Acquisition of subsidiaries	**–**	81,513
Acquisition of assets and liabilities through acquisition of a subsidiary (note 31)	**–**	115,801
Disposals	**(27,984)**	–
Deemed disposal (note 31)	**(121,720)**	(15,611)
Net unrealised gains or losses recognised in other comprehensive income during the year	**12,173**	48,022
Exchange adjustments	**(14)**	998
At 31 March	**187,068**	253,526

The net unrealised gains arising from the remeasurement of the unlisted available-for-sale investments are recognised in investment revaluation reserve in other comprehensive income.

Information about Level 3 fair value measurement

The fair value of unlisted fund investment that are grouped under Level 3 is determined by using valuation techniques including discounted cash flow analysis. In determining fair value, specific valuation techniques are used with reference to inputs, including but not limited to, expected interest rate, time to maturity, dividend stream and other specific inputs relevant to each of the unlisted investments. The inputs to the determination of fair value require significant judgement.

(ii) Fair value of financial assets and liabilities carried at other than fair values

The carrying amounts of the Group's financial assets and liabilities other than available-for-sale investment are not materially different from their fair values as at 31 March 2014 and 31 March 2013.

30 RETIREMENT BENEFITS PLANS

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 $1,250 ($1,000 prior to 1 June 2012) or 5% of the relevant payroll costs to the scheme, 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.

During the year ended 31 March 2014, the total costs charged to profit or loss are approximately $2,487,000 (2013: $2,660,000), representing contributions paid/payable to these plans by the Group of approximately $2,487,000 (2013: $3,415,000) less contributions capitalised to contract works which are subsequently charged to cost of sales of approximately $Nil (2013: $755,000).

31 ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY

On 1 August 2012, Best Key Holding Limited ("Best Key"), a wholly-owned subsidiary of the Company, China Real Estates Investment Holdings Limited, an independent third party to the Group, KLR Hong Kong and Kings Haul Limited ("Kings Haul"), non-wholly owned subsidiaries of the Company, had entered into the Kings Haul shareholders agreement setting out, amongst others, the manner of management of and shareholders' financial commitments to Kings Haul.

On the same date, Kings Haul and Fine Elite Holdings Limited ("Fine Elite"), an independent third party, had entered into share purchase agreement ("SP Agreement") in relation to 70% equity interest in Power City Investment Limited ("Power City") at a cash consideration of approximately RMB58,097,000 (equivalent to approximately $71,334,000) (the "Acquisition").

Power City holds 76% equity interest in Bestlinkage and the remaining 24% equity interest in Bestlinkage is owned by an independent third party ("Local Partner"). It is a condition of the SP Agreement that Power City will undertake the purchase by Power City from the Local Partner of the 24% equity interest in Bestlinkage held by the Local Partner pursuant to the terms and subject to the conditions of the Buy-Out agreement (the "Buy-Out"). However, the completion of the Buy-Out ("Buy-Out Completion") is not a condition of the completion of the Acquisition ("Acquisition Completion"). The Acquisition was completed on 14 August 2012. The remaining consideration of RMB32,142,000 (equivalent to approximately $39,151,000) is payable upon Buy-out Completion.

In addition, pursuant to the SP Agreement, Fine Elite has agreed to grant to Kings Haul an option to have Fine Elite buy back the 70% equity interest in Power City from Kings Haul ("Share Buyback Option") for an amount equivalent to RMB58,097,000. Kings Haul shall be entitled to exercise the Share Buyback Option at any time in the event that there is no Buy-Out Completion or Power City fails to undertake the Buy-Out such that Power City fails to become the registered and beneficial owner of 100% equity interest of Bestlinkage within seven months commencing from the date of Acquisition Completion, or within an extended period as agreed by Kings Haul.

Pursuant to the Power City shareholders agreement entered into among Kings Haul, Fine Elite and Power City on 1 August 2012, upon the Acquisition Completion and prior to the Buy-Out completion, the board of Power City shall consist of 3 directors, which comprise of 1 director appointed by Fine Elite and 2 directors appointed by Kings Haul. However, the board of Bestlinkage shall have 7 directors and Power City has the right to appoint 5 directors out of which Kings Haul and Fine Elite is entitled to nominate 1 director and 4 directors respectively through Power City. No change would be allowed on the above director appointment arrangement relating to the board of directors of Bestlinkage until the Buy-Out Completion. The board of directors of Power City and Bestlinkage are responsible for making decisions relating to the financial and operating policies of Power City and Bestlinkage respectively and all resolutions should be determined by the board by a simple majority vote. After considering, amongst others, the board representation of the Group, the directors of the Company are of the view that the Group is able to obtain control over Power City but unable to obtain control over Bestlinkage prior to the Buy-Out Completion.

31 ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY (Continued)

As at 31 March 2013, the Buy-Out has not been completed and the Group had not exercised the Share Buyback Option. In the opinion of the directors of the Company, Kings Haul has contractual obligation to pay the remaining consideration of RMB32,142,000 (equivalent to approximately $39,188,000) in relation to the acquisition of 70% equity interest in Power City even if the Company chose not to exercise the Share Buyback Option in the case when Buy-Out was not completed in accordance with the terms and conditions as set out in the SP Agreement. The directors also considered the fair value of the Share Buyback Option was insignificant.

At 31 March 2013, the Group recognised the 76% equity investment in Bestlinkage as available-for-sale investments – investment in an investee. The amount due from an investee was unsecured, interest-free and repayable on demand.

On 31 July 2013, the Buy-Out was completed through acquiring the remaining 24% equity interest in Bestlinkage with a consideration of $33,845,000 and the Group did not exercise the Share Buyback Option. The Group paid the remaining consideration of RMB32,142,000 (equivalent to approximately $39,188,000) to Fine Elite.

In the opinion of the directors of the Company, the Acquisition did not constitute a business combination in accordance with HKFRS 3, *Business combination*, as the major underlying assets to be acquired through the Acquisition are investment property located in Shanghai, PRC, and related assets owned by Bestlinkage. Therefore, the Acquisition has been accounted for as an acquisition of assets and liabilities through acquisition of a subsidiary.

The net assets acquired on the Buy-Out Completion are as follows:

	$'000
Net assets acquired:	
Investment property (note 12(a))	300,238
Bank deposits and cash	11,644
Other receivables and deposits	1,975
Trade and other payables	(18,517)
Bank loans	(82,974)
Amount due to an investor	(56,801)
	155,565
Cash consideration paid	33,845
Add: Deemed disposal of available-for-sale investments (note 29(e))	121,720
	155,565
Net cash outflow from the Buy-Out Completion:	
Cash consideration paid	33,845
Add: Bank deposits and cash acquired	(11,644)
	22,201

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32 COMMITMENTS

(a) At 31 March 2014, capital commitments outstanding and not provided for in the financial statements were as follows:

	The Group	
	2014	2013
	$'000	$'000
Authorised but not contracted for	**82**	–
Contracted for	**6,589**	4,032
	6,671	4,032

(b) At 31 March 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2014	2013
	$'000	$'000
Within 1 year	**9,045**	8,331
After 1 year but within 5 years	**4,482**	8,631
	13,527	16,962

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of 1 to 5 years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

33 CONTINGENT LIABILITIES

(a) At the end of the reporting period, the Company has issued guarantee to banks in respect of banking facilities granted to certain wholly owned subsidiaries of $577,065,000 (2013: $1,114,585,000). The banking facilities were utilised to the extent of $332,593,000 (2013: $401,095,000) as at 31 March 2014. The directors do not consider it probable that a claim will be made against the Company under any of the guarantees.

The Company has not recognised any deferred income in respect of these guarantees as their fair values cannot be reliably measured using observable market data and no transaction price was incurred.

(b) At 31 March 2013, the Company has issued financial guarantees, for a period within one year from the completion of the disposal of Sundart Holdings Limited during June 2012, to banks in respect of banking facilities granted to an associate. The aggregate amounts that could be required to be paid if the guarantees were called upon in entirety amounted to approximately $460,000,000, of which approximately $90,447,000 has been utilised by the associate as at 31 March 2013. The guarantees were fully released during the year.

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34 MATERIAL RELATED PARTY TRANSACTIONS

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

	2014 $'000	2013 $'000
Management fee income		
– KLR Hong Kong (Note (a))	–	1,114
– Sundart Holdings Limited (Note (b))	–	146
– RS Hospitality Private Limited (Note (c))	25	–
Technical service fee income from RS Hospitality Private Limited (Note (c))	966	–
Interest income from Sundart Timber Products Company Limited (Note (b))	–	1,443
Management fee expense		
– KLR Hong Kong (Note (a))	–	1,340
– Sundart International Supplies Limited (Note (b))	332	68
Consulting fee expenses to Fine Elite Holdings Limited (Note (d))	3,162	–
Construction cost certified to Kin Shing (Leung's) General Contractors Limited (Note (b))	99,790	152,107
Proceeds received on disposal of available-for-sale investments to KLR Hong Kong (Note (a))	–	15,556

Notes:

(a) The amounts represent the transactions entered between the Group and KLR Hong Kong prior to it becoming a subsidiary of the Group during the year ended 31 March 2013.

(b) Sundart International Supplies Limited, Sundart Timber Products Company Limited and Kin Shing (Leung's) General Contractors Limited were wholly-owned subsidiaries of Sundart Holdings Limited, which were disposed of by the Group during the year ended 31 March 2013 and became associates of the Group since then. The amounts represent transactions with these companies after the Group lost control in these companies.

(c) RS Hospitality Private Limited is a joint venture of the Group.

(d) Fine Elite Holdings Limited is a non-controlling shareholder of a non-wholly owned subsidiary of the Group.

(b) Compensation of key management personnel

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

	2014 $'000	2013 $'000
Salaries and short-term benefits	66,753	24,811
Post-employment benefits	60	104
	66,813	24,915

The remuneration of key management personnel is determined by the remuneration committee or directors of the Company having regard to the performance of individuals and market trends.

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35 NON-ADJUSTING EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) On 11 June 2014, the Group entered into an agreement with the non-controlling shareholder of the Centuria Global Limited, to acquire the remaining 20% equity interests of Centuria Global Limited for an aggregate consideration of $24,000,000. The Group's investment in Centuria Global Limited will increase from 80% to 100% following the completion of the acquisition.

(b) After the end of the reporting period, the directors proposed a final dividend in respect of the year ended 31 March 2014. Further details are disclosed in note 28(c).

36 COMPARATIVE FIGURES

Certain comparative figures including other revenue, other net income, administrative and other operating expenses and certain cash flow items have been adjusted to conform to current year's presentation.

37 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2014

Up to the date of these financial statements, HKICPA has issued a number of amendments and a new standard which are not yet effective for the year ended 31 March 2014 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKAS 32, *Financial instruments: Presentation – Offsetting financial assets and financial liabilities*	1 January 2014
Amendments to HKAS 36, *Impairment of assets – Recoverable amounts disclosure for non-financial assets*	1 January 2014
Amendments to HKAS 10, *Consolidated financial statements*, HKFRS 12, *Disclosure of interests in other entities*, and HKAS 27, *Separate financial statements "Investment entities"*	1 January 2014
HKFRS 9, *Financial instruments*	Note

Note: The original effective date on 1 January 2015 is postponed and the new mandatory effective date has yet to be determined.

The Group is in the process of making an assessment of the expected impact of these amendments in the period of initial application. So far it has concluded that the adoption of them are unlikely to have a significant impact on the Group's results of operations and financial position.

In addition, the requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the Company's first financial year commencing after 3 March 2014 (i.e. the Company's financial year which began on 1 April 2014) in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Hong Kong Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

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38 PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

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/ establishment/ operations	Class of shares held	Fully paid-up issued/ registered capital	Proportion of issued capital/registered capital held by the Company		Principal activities
				2014 %	2013 %	
Wit Legend*	BVI	Ordinary	US$100	65%	65%	Investment holding
Vital Success Development Limited*	Hong Kong	Ordinary	HK$1	65%	65%	Property development
Prime Talent Development Limited*	Hong Kong	Ordinary	HK$10,000	100%	100%	Property holding
Win Expo Enterprises Limited*	Hong Kong	Ordinary	HK$10,000	100%	100%	Property holding
KLR Hong Kong* (Note a)	Hong Kong	Ordinary	USD6,928,270	39.74%	39.74%	Asset, investment and fund management
Rykadan Management Services Limited*	Hong Kong	Ordinary	HK$10,000	100%	100%	Provision of management service
Power City*	Hong Kong	Ordinary	HK$47,599,891	70%	70%	Investment holding
Keen Access Holdings Limited* (Note b)	Hong Kong	Ordinary	HK$10,000	80%	80%	Property development
Yong Le Innovative Education (HK) Limited*	Hong Kong	Ordinary	HK$10,000	51%	51%	Provision of educational service and software
北京永樂創新教育科技有限公司*#	The PRC	Registered capital	RMB500,000	51%	51%	Provision of educational service and software
深圳永樂創新教育科技有限公司*#	The PRC	Registered capital	RMB500,000	51%	51%	Provision of educational service and software
Q-Stone Building Materials Limited*	Hong Kong	Ordinary	HK$10,000	100%	100%	Trading of construction and interior decorative materials
格利來建材(北京)有限公司*#	The PRC	Registered capital	RMB5,000,000	100%	100%	Trading of construction and interior decorative materials
格利來建材(深圳)有限公司*#	The PRC	Registered capital	RMB500,000	100%	100%	Trading of construction and interior decorative materials

* These entities are indirectly held by the Company.

The entity is a wholly foreign owned enterprise established in the PRC.

Notes:

(a) Pursuant to the Shareholders' Deed, the Group is able to exercise control over the board of directors of KLR Hong Kong, which is responsible for making decisions relating to the financial and operating policies of KLR Hong Kong.

(b) Keen Access Holdings Limited is a subsidiary of Centuria Global Limited. The Group acquired the remaining 20% equity interest of Centuria Global Limited on 11 June 2014. Further details are disclosed in note 35(a).

None of the subsidiaries had issued debt securities at the end of both years or at any time during the both years.

RESULTS

	Year ended 31 March				
	2010 HK$'000 (Note a)	2011 HK$000 (Note a)	2012 HK$'000	2013 HK$'000	**2014 HK$'000**
Revenue from continuing operations	1,708,136	1,362,278	81,673	156,422	**2,201,397**
Profit/(loss) for the year from continuing operations	N/A	N/A	(24,815)	(29,481)	**752,266**
Profit for the year from discontinued operations	N/A	N/A	134,380	168,964	**N/A**
Profit for the year	175,192	141,215	109,565	139,483	**752,266**
Profit (loss) for the year attributable to:					
Equity shareholder of the Company	175,192	141,215	109,602	138,099	**421,874**
Non-controlling interests	–	–	(37)	1,384	**330,392**
	175,192	141,215	109,565	139,483	**752,266**

ASSETS AND LIABILITIES

	As at 31 March				
	2010 HK$'000	2011 HK$000	2012 HK$'000	2013 HK$'000	**2014 HK$'000**
Total assets	1,061,716	1,554,591	2,005,056	2,092,482	**2,204,839**
Total liabilities	280,144	693,260	1,046,382	1,082,324	**773,297**
	781,572	861,331	958,674	1,010,158	**1,431,542**
Equity attributable to shareholders of the Company	781,572	861,331	950,578	865,036	**1,237,887**
Non-controlling interests	–	–	8,096	145,122	**193,655**
	781,572	861,331	958,674	1,010,158	**1,431,542**

Notes:

(a) The results for each of the year ended 31 March 2010 to 2011 have not been represented for the operations discontinued in 2013.