RYKADAN CAPITAL LIMITED
宏基資本有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code : 2288)

Annual Report 2015

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

AUDITOR

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 Limited
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

Think Alliance Group
Level 6, Citibank Tower
3 Garden Road
Central, 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 2015.

The year under review saw a further focusing of our portfolio as we exited some investments and relocated capital into projects that offer better potential returns to our shareholders.

Perhaps the most symbolic of these disposals was the sale of our remaining stake in Sundart Holdings Limited, our former interior fitting out business. We have now unquestionably accomplished the complete transformation of the Group into an investment holding company focusing primarily on high-potential investments in the real estate sector.

The year under review saw the Group invest in a number of promising residential and commercial projects in the United States of America (the "U.S.A.") and the United Kingdom (the "U.K.") – the first time that the Group has ventured outside of Asia.

The PASEO

In the U.S.A., we have acquired a number of residential projects in the Los Angeles area, a popular city for global real estate investors. In the U.K., we have acquired a commercial building in the vicinity of London's 'Silicon Roundabout', one of the world's largest clusters of technology startups.

At this stage our investments in both markets are modest but we are continuously seeking better investment opportunities there. We are highly confident that these investments will provide solid returns for shareholders within our three-to-five year investment horizon.

Closer to home, we continue to hold a positive view towards the property markets of Hong Kong and the People's Republic of China (the "PRC"). Meanwhile, we will soon be launching the pre-sale of our second real-estate development project in Hong Kong – our first in the residential sector. This project is located close to the planned terminus of the Guangzhou-Shenzhen-Hong Kong Express Rail Link in Kowloon's Tsim Sha Tsui district.

Looking forward, we will continue to leverage our experience in project development and proactively search for promising high-potential investment opportunities both in the Greater China region and overseas in order to maximize 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, 12 June 2015

Overview

The year ended 31 March 2015 saw the Group invest in the United States of America (the "U.S.A.") and the United Kingdom (the "U.K.") property sectors for the first time as it sought to reallocate its capital into opportunities that offer better potential returns for shareholders. After disposing certain investments during the year, property investment will be the key focus area of the Group in the coming years. Similar to the Group's ongoing investments in Hong Kong and the People's Republic of China (the "PRC") property sectors, the new projects will continue to align with the Group's strategy of securing high-potential investments, growing asset values 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, the PRC, the U.S.A. and the U.K.. It also invested in companies operating in the areas of hospitality, asset investment and fund management, as well as in the distribution of interior decorative materials.

As at 31 March 2015, the Group's total assets was valued at HK$1,667 million (2014: HK$2,205 million), of which HK$982 million (2014: HK$1,460 million) was current assets, approximately 3.97 times (2014: 2.47 times) of current liabilities. Equity attributable to the owners of the Company was HK$1,198 million (2014: HK$1,238 million).

Overall Performance

During the year ended 31 March 2015, the Group recorded consolidated revenue of HK$322 million from business segments under continuing operations (2014: HK$2,116 million). Gross profit and gross profit margin for these segments were HK$88 million (2014: HK$1,006 million) and 27.3% (2014: 47.5%) respectively.

Net profit for the year from continuing and discontinued operations was HK$112 million (2014: HK$752 million). Profit attributable to equity shareholders of the Company was HK$113 million (2014: HK$422 million).

The decline was mostly attributable to a one-off gain from the sale of 19 floors of Rykadan Capital Tower, a 25-storey commercial tower in Hong Kong, in the year ended 31 March 2014.

Basic earnings per share from continuing operations for the year ended 31 March 2015 was HK21.3 cents (2014: HK84.3 cents).

The board declared a final dividend per share of HK5 cents (2014: HK32 cents). Combined with the interim dividend per share of HK nil cents (2014: HK5 cents), already declared, total dividends for the year is HK5 cents (2014: HK37 cents).

Material Acquisitions and Disposals

In June 2014, the Group acquired the remaining 20% equity interests of Centuria Global Limited ("Centuria Global") and the shareholder's loan owed to Core Elements Holdings Limited, the non-controlling shareholder of Centuria Global, at the consideration of HK$2 million and HK$22 million respectively. Upon the completion of the further acquisition, Centuria Global became a wholly-owned subsidiary of the Group *(For details, please refer to note 30(a) to the consolidated financial statements)*.

In July 2014, the Group sold a 51% stake, the entire equity interests owned by the Group, in Wing Lok Innovative Education Organization Corporation ("Wing Lok") to Mr. So Wing Lok Jonathan, the non-controlling shareholder of Wing Lok for a consideration of HK$15 million *(For details, please refer to note 30(c) to the consolidated financial statements)*.

In August 2014, the Group sold 30% equity interests of Kailong Holdings Limited ("KLR Holdings") to the remaining shareholders of KLR Holdings, Good Grace Investments Limited, Borrison (B.V.I.) Limited, Coralland Limited, Water Ocean Limited and Mr. Roth, for a consideration of USD12 million. Upon completion of the disposal, the Group's indirect interests in the issued share capital of KLR Holdings decreased from approximately 39.74% to approximately 9.74% *(For details, please refer to note 30(b) to the consolidated financial statements)*.

In August 2014, the Group disposed of its 100% equity interests in Century Winner Inc. and the shareholder's loan owed to the Group to Valour Power Limited, a company owned as to 50% by each of Mr. Chan William and his wife, at a consideration of USD60,000 and USD6,118,000 respectively *(For details, please refer to note 30(d) to the consolidated financial statements)*.

In December 2014, the Group disposed of its entire 15% equity interests in Sundart Holdings Limited to Jangho Curtain Wall Limited, the controlling shareholder of Sundart Holdings Limited, at a consideration of HK$180,000,000 *(For details, please refer to note 15 to the consolidated financial statements)*.

Investment Portfolio

As at 31 March 2015, the Group had bank deposits and cash of approximately HK$280 million (2014: HK$958 million), representing 16.8% (2014: 43.4%) of the Group's total assets.

The following table shows the Group's investments as at 31 March 2015.

Real estate investments

Investment	Location	Type	Group interest	Status as of 31/3/2015	Total gross floor area	Total land area	Attributable gross floor/ land area
Winston Project	1135 Winston Avenue, San Marino, CA 91108, the U.S.A.	Residential property	100%	Under planning	N/A	21,861 square feet	21,861 square feet
Oakland Project	491 & 497 South Oakland Avenue, Pasadena, CA 91101, the U.S.A.	Residential property	100%	Under planning	N/A	25,163 square feet	25,163 square feet
Hampton Project	957 Hampton Road, Arcadia, CA 91006, the U.S.A.	Residential property	100%	Under planning	N/A	30,916 square feet	30,916 square feet
Fallen Leaf Project	964 Fallen Leaf Road, Arcadia, CA 91006, the U.S.A.	Residential property	100%	Under planning	N/A	41,818 square feet	41,818 square feet
Shoreditch Project	79-81 Paul Street, Shoreditch, London, EC2A 4NQ, the U.K.	Commercial property	100%	Under refurbishment	11,041 square feet	N/A	11,041 square feet
Kailong Nanhui Business Park	An industrial complex located at No. 2300 Xuanhuang Road, Huinan County, Pudong New District, Shanghai, the PRC	Commercial property	59.1%	Refurbishment completed, being marketed to tenants	52,304 square metres	N/A	30,911 square metres
Kwun Chung Street Property Project	Kowloon Inland Lot No. 11229	Residential/ commercial property	100%	Under construction	25,333 square feet	N/A	25,333 square feet
2702 and various car parking spaces of Rykadan Capital Tower	135 Hoi Bun Road, Kwun Tong, Kowloon	Commercial property	100%	Completed (classified as investment properties)	8,304 square feet	N/A	8,304 square feet
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)	5,163 square feet	N/A	5,163 square feet

Other investments

Investment	Business/type	Group interest
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	100%
RS Hospitality Private Limited	A joint venture for operating 24-suite boutique resort in Bhutan	50%
KLR Holdings	Asset, investment and fund management	9.74%

Summary and review of investments

United States properties

The Group has invested in four properties in San Marino, Pasadena and Arcadia in the Los Angeles County, California, the U.S.A.. Each city has high resale potential and is increasingly popular destinations for overseas property investors, particularly from Asia.

These properties are currently in the initial stage of redevelopment, with a view of materialising its investments within 2-3 years.

United Kingdom property

The Group has invested in a commercial property located in London's Shoreditch district, the heart of the U.K.'s technology startup cluster.

The property is an office building consisting of four upper floors, ground floor and a lower ground floor with a total gross floor area of 11,041 square feet. It is located in a few minutes' walk from the Old Street roundabout – also known as the 'Silicon Roundabout' – which is the third-largest technology startup cluster in the world after San Francisco and New York City.

Kailong Nanhui Business Park

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

As of 31 March 2015, the occupancy rate of Kailong Nanhui Business Park was 10%. The Group will continue to target large and quality tenants, and will consider off-loading the buildings at an appropriate time.

Kwun Chung Street Property Project

The Group is commencing the construction of a 25-storey tower with a total gross floor area of approximately 25,333 square feet on Kwun Chung Street in Kowloon's Tsim Sha Tsui district, located near the planned terminus of the Guangzhou-Shenzhen-Hong Kong Express Rail Link.

The building will primarily consist of boutique luxury apartments, with lower floors of approximately 4,538 square feet for commercial use. The Group plans to sell the entire building upon completion of the project, expected in the first quarter of 2017. The Group expects to launch the pre-sale of the project in the second half of 2015.

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.

The Group continues to retain two floors for its own use and for potential rental income. In November 2014, the Group has successfully leased out unit 2702 of Rykadan Capital Tower, which has generated rental income since December 2014.

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 performed well in the year ended 31 March 2015 with contracts on hand worth HK$181 million to be completed in the coming year.

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

Rykadan Hospitality is the Group's hospitality investment arm. Its key focus is to explore investment opportunities in hospitality and tourism related assets. Rykadan Hospitality currently operates the Dhensa Punakha, a 24-suite resort located in Bhutan's Punakha Valley, an emerging high-end tourism destination.

KLR Holdings

KLR Holdings is a leading player in the PRC's real estate investment, asset management and fund management markets. The Group continues to maintain a strategic alliance with KLR Holdings, in order to support and expand its business in the Greater China region.

Outlook

The Group believes that its recent property investments in the U.S.A. and the U.K. will further diversify its investment portfolio. Despite the conclusion of the Federal Reserve's quantitative easing program, the Group expects global capital to continue to flow into the U.S.A., as investors seek better returns. As for the U.K., the Group believes that the London property market will continue to perform strongly following the recent highly-conclusive election in the U.K. and continued economic recovery.

The Group will continue to leverage its experienced management team and business partners to evaluate future real estate investment opportunities in order to maximise future returns for shareholders. It will also continue to actively manage its ongoing investments in the Greater China region, South-East Asia, the U.S.A. and the U.K. to support its future performance and unlock value for shareholders in a timely manner.

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 2015, the Group's total debts (representing total interest-bearing bank borrowings) to total assets ratio was 16.7% (2014: 14.7%). The net gearing ratio (net debts, as defined by total debts less unrestricted bank balances and cash, to equity attributable to equity shareholders of the Company) was Nil (2014: Nil) as the Group has net cash of HK$1 million as at 31 March 2015 (2014: net cash of HK$635 million).

At 31 March 2015, the Group has total bank borrowings of HK$279 million (2014: HK$323 million). The bank borrowings of the Group were mainly to finance the retained 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$257 million were secured by the properties for sale, investment properties and buildings held for own use of which HK$98 million will be repayable upon sale of properties. Further costs for developing the Kwun Chung Street Property Project, the United States Properties and the United Kingdom Property will be financed by either unutilised banking facilities or internally generated funds.

The liquidity of the Group remains strong and healthy. As at 31 March 2015, the Group's current assets and current liabilities were HK$982 million (2014: HK$1,460 million) and HK$248 million (2014: HK$591 million) respectively. The Group's current ratio increased to 3.97 (2014: 2.47). 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 2015, 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$759 million (2014: HK$678 million).

Capital Commitments and Contingent Liabilities

Details of the Group's capital commitments and contingent liabilities are set out in notes 31 and 32 to the consolidated financial statements respectively.

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

The Group operates in various regions with different foreign currencies including Euro, United States Dollars, British Pound Sterling and Renminbi.

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

The Group has not implemented any foreign currencies and interest rates hedging policy. However, the Group's management will monitor foreign currencies and interest rates for each business segment and consider appropriate hedging policies in the future when 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 2015, the total number of employees of the Group for continuing operations is 74 while that of the discontinued operations is 47 (31 March 2014: 130 employees in total). 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$77 million for the year (2014: HK$112 million). The decrease 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 for the year ended 31 March 2014.

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 March 2015.

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 2015, 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 formalized 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 2015, 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 2015, 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 Officer 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.

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 an executive director) or letter of appointment (for an independent non-executive director) for a term of three 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 2015, relevant reading materials including legal and regulatory updates have been provided to all directors for their reference and studying as well as providing all directors invitations to attend relevant seminars.

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 2015.

BOARD COMMITTEES

The Board has established three committees, namely, the Remuneration Committee, the Nomination Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference which are in line with the CG Code. These terms of reference are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request. Board committees are provided with sufficient resources to discharge their duties and are required to report back to the Board on their decisions or 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 2015. However, the Remuneration Committee had recorded their decisions by passing written resolutions determining remuneration packages of the executive directors and the independent non-executive directors.

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 2015 is set out below:

Remuneration Bands	Number of Individuals
HK500,001 to HK2,000,000	2

Nomination Committee

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

Principles 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.

One meeting had been held by the Nomination Committee during the year ended 31 March 2015.

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 two Audit Committee meetings held during the year ended 31 March 2015. 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 2014 and unaudited interim results for the half year ended 30 September 2014; and (iii) to consider the re-appointment of auditors.

The Company's annual results for the year ended 31 March 2015 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 2015, the Board reviewed its Corporate Governance 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 nine Board meetings held during the year ended 31 March 2015, two of which were regular meetings held for approving the final results for the year ended 31 March 2014 and the interim results for the period ended 30 September 2014. 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 Audit Committee meetings and the general meetings of the Company held during the year ended 31 March 2015 is as follows:–

Name of Directors	Attendance/Number of Meetings held during the tenure of directorship				
	Board		Nomination Committee	Audit Committee	Annual General Meeting
	Regular	Other			
Executive Directors					
Chan William	2/2	7/7	1/1	N/A	1/1
Ng Tak Kwan	2/2	7/7	N/A	N/A	0/1
Yip Chun Kwok	2/2	7/7	N/A	N/A	1/1
Independent Non-Executive Directors					
Ho Kwok Wah, George	2/2	7/7	1/1	2/2	1/1
To King Yan, Adam	2/2	7/7	N/A	2/2	0/1
Wong Hoi Ki	2/2	7/7	1/1	2/2	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 12 August 2014 due to other business commitments. They will use their 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 2015.

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 29.

AUDITORS' REMUNERATION

The remuneration charged by the Company's external auditors, Messrs. KPMG, in respect of audit services and non-audit services for the year ended 31 March 2015 is set out below:–

Category of Services	Fee Paid/Payable (HK$)
Audit Services	1,683,000
Non-audit Services	
– Tax compliance and advisory	683,000
TOTAL	2,366,000

INTERNAL CONTROLS

The Board is responsible for maintaining an adequate internal control system to safeguard shareholders' 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 2015.

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 recognizes 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 2015, 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 the Stock Exchange's website.

SHAREHOLDER RIGHTS

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

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

Convening an Extraordinary General Meeting by Shareholders

Shareholder(s) holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the 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.

CORPORATE SOCIAL RESPONSIBILITY

We believe that our corporate social responsibility practices have benefited not only the society, but also our Group with respect to reducing our operational costs.

Employees' Development and Occupational Health

Employees are our most valued assets, thus we care immensely about their development, health and safety. To enable our employees to keep pace with the rapid development, we have maintained our Education Sponsorship and Allowance Scheme, pursuant to which each employee was entitled to an annual sponsorship for their approved continued learning. We believe that through this educational scheme, our employees will equip themselves with the skills they need to perform their duties effectively. We believe that our businesses will benefit from this as our employees make more positive contributions to the Group.

To care about employees' health including their mental health, we continued to organize gatherings regularly with a view to enhance harmony among our employees. In addition, we have arranged to have our office's ventilation system cleaned regularly by a professional air-conditioning cleaning company. These measures have been implemented by our management team in view of creating a comfortable workplace for our employees.

Environmental Protection

Over the past years, we have actively promoted energy conservation and emission reduction. Our employees have also been encouraged to make recommendations to the Group on ways to reduce wastage and save energy. Some of the measures include using energy-saving electricity products and keeping the indoor temperature at appropriate levels. This will help to raise our employees' awareness about environmental protection.

Giving to the Community

We have always regarded the act of giving to the community an important pursuit for us. As such, over the past years, we have participated in various charitable activities and have also provided aid to the needy. To support our chosen charitable organizations, we encourage our employees to participate in socially responsible events. During the year, the Group and its staff continued to participate in (i) Seniors Day 2014 in support of Hope Worldwide to serve the elderly living in public housing; (ii) 2014/2015 New Territories Walk for the benefit of Social Welfare Agencies; (iii) Sponsor and participate Heep Hong Society's charitable functions including "X+Y Trailer" movie premiere project in support of Heep Hong Society to help the children with needs.

Executive Directors

Mr. Chan William (陳偉倫先生), aged 40, 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 61, 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 41, 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 57, 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 is also 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), Belle International Holdings Limited and PuraPharm Corporation Limited, the securities of which are listed on the main board of the Stock Exchange. Mr. Ho was also awarded the Medal of Honour on 1 July 2015 by the HKSAR.

Mr. To King Yan, Adam (杜景仁先生), aged 55, 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 61, 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 his 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 32, 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 32, 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 2015.

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 36 to the consolidated financial statements..

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2015 and the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 30 to 105.

Profits attributable to shareholders, before dividends of HK$113,414,000 (2014: HK$421,874,000) have been transferred to reserves. Other movements in reserves are set out in the consolidated statement of changes in equity.

No interim dividend had been declared to the shareholders during the year. The Directors now recommend the payment of a final dividend of HK5 cents per share to the shareholders on the register of members on 4 September 2015, amounting to approximately HK$23,872,350.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 106.

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 13 to the consolidated financial statements.

BANK BORROWINGS

Details of bank borrowings are set out in note 24 to the consolidated financial statements.

SHARE CAPITAL

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

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2015 comprised:

	HK$'000
Share premium	469,130
Accumulated profits	627,353
	1,096,483

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 27 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 Officer)*
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

Note: Mr. CHAN William, Mr. HO Kwok Wah George and Mr. TO King Yan Adam shall retire, and being eligible, offer themselves for re-election at the forthcoming 2015 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 Rules Governing the Listing of Securities on the Stock Exchange (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 2015, 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, 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 2015, 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

Notes:

1. Tiger Crown, 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 2015, no share option under the Scheme had been granted.

ARRANGEMENT TO PURCHASE SHARES OF 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.49 of the Listing Rules.

(A) Connected Transaction

Acquisition of 20% shares in, and shareholder's loan owing by, Centuria Global Limited ("Centuria")

On 11 June 2014, Fast Global Holdings Limited ("Fast Global"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with Core Elements Holdings Limited ("Core Elements"), pursuant to which the Company agreed to acquire, and Core Elements agreed to sell the sale shares representing 20% of the issued shares of Centuria (an indirect non-wholly owned subsidiary of the Company) and the shareholder's loan (representing 100% of the shareholder's loan owing by Centuria to Core Elements) at the consideration of HK$2,000,000 and HK$22,000,000 respectively.

On 11 June 2014, Core Elements holds 20% of the issued shares in Centuria, and is therefore a connected person of the Company within the meaning of the Listing Rules. The acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Disposal of 30% interest in Kailong Holdings Limited ("Kailong")

On 8 August 2014, Talent Step Investments Limited ("Talent Step"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with the Purchasers (being Good Grace Investments Limited ("Good Grace"), Borrison (B.V.I.) Limited ("Borrison"), Coralland Limited ("Coralland"), Water Ocean Limited ("Water Ocean") and Mr. Stephen Anthony Roth ("Mr. Roth")) in relation to the sale and purchase of the sale shares representing 30% of the issued entire issued share capital of Kailong for a total amount of US$12,430,992. The amount shall be payable by the Purchasers by way of seven instalments as set out in the announcement of the Company dated 8 August 2014.

Since (i) Good Grace is a substantial shareholder of Kailong, Good Grace is therefore a connected person of the Company; (ii) Borrison is an associate of Mr. Ho Chun Tung Ivan ("Mr. Ivan Ho") who is a director of certain subsidiaries of the Company, Borrison is therefore a connected person of the Company; (iii) Coralland is wholly-owned by Ms. Woo Wai Yu ("Ms. Woo"), a director of certain subsidiaries of the Company, Coralland is an associate of Ms. Woo and therefore a connected person of the Company; and (iv) Mr. Ho Chung Wah ("Mr. CW Ho") is a director of certain subsidiaries of the Company and the sole director of Water Ocean which is wholly-owned by the mother of Mr. CW Ho, Water Ocean is an associate of Mr. CW Ho and therefore a connected person of the Company. Each of Good Grace, Borrison, Coralland and Water Ocean are connected persons of the Company at the subsidiary level only. Mr. Roth is not a connected person of the Company. Therefore the disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Upon completion which took place on 26 September 2014, the Company will no longer be able to exercise control over the board of directors of Kailong. Accordingly, Kailong, together with all its subsidiaries will no longer be accounted for and consolidated in the accounts of the Company as subsidiaries of the Company.

Disposal of Century Winner Inc.

On 28 August 2014, Rykadan Inc., an indirect wholly-owned subsidiary of the Company, entered into an agreement with Valour Power Limited ("Valour Power"), pursuant to which Valour Power agreed to acquire and Rykadan Inc. agreed to sell the sale shares representing 100% of the issued shares of Century Winner Inc., an indirect wholly-owned subsidiary of the Company prior to completion of the disposal, and the shareholder's loan representing 100% of the shareholder's loan owing by Century Winner Inc. to Rykadan Inc. at a total consideration of US$6,177,764.

Each of Mr. Chan William, the Chairman, Chief Executive Officer and an Executive Director of the Company, and his wife owns 50% of the issued shares of Valour Power. Accordingly Valour Power is a connected person of the Company and the disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Following completion of the disposal, Century Winner Inc. has ceased to be a subsidiary of the Company and its accounts will cease to be consolidated with the financial statements of the Group.

(B) Continuing Connected Transactions

As stated in the section headed "Connected Transaction – Acquisition of further interests in Kailong REI Project Investment Consulting (Hong Kong) Co., Limited ("KLR Hong Kong")" from 2013 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.

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 Investments 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.

As stated in the section headed "Disposal of 30% interest in Kailong Holdings Limited" from above, Kailong has ceased to be accounted for as a subsidiary of the Company since 26 September 2014 after completion of the sale and purchase agreement dated 8 August 2014. As KLR Hong Kong is a subsidiary of Kailong, therefore, these agreements ceased to be continuing connected transactions of the Company after 26 September 2014 as Kailong is no longer a subsidiary 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; and

   (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 2015, the actual amount paid by the SCJREP to the Group for the service rendered was HK$Nil.

Consulting service agreement with 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 2015, the actual amount paid by the Group to Lucky View for the consulting service rendered was HK$Nil.

Mr. Cheng Hei Ming ("Mr. Cheng") is a director of both 美邦啓立光電科技(上海)有限公司 (Bestlinkage NHI Co., Ltd.) ("Bestlinkage") and Power City Investments Limited ("Power City") (both of them are indirect subsidiaries of the Company). In addition, Mr. Cheng is a substantial shareholder of Kailong, 上海凱龍瑞項目投資諮詢有限公司 (Kailong REI Project Investment Consulting (Shanghai) Co., Ltd.) ("KLR Shanghai") and Kailong Investment Management Limited ("Kailong Investment Management") (both are subsidiaries of Kailong) are associates of Mr. Cheng. Prior to 26 September 2014, both KLR Shanghai and Kailong Investment Management were not connected persons of the Company pursuant to the Listing Rules as they were subsidiaries of the Company, the Asset Management Services and the Investment Management Services were not connected transactions of the Company. However, KLR Shanghai and Kailong Investment Management have ceased to be subsidiaries of the Group on 26 September 2014, KLR Shanghai and Kailong Investment Management have become connected persons of the Company since that date. Accordingly, (a) the provision of the Asset Management Services by KLR Shanghai to Bestlinkage pursuant to the Asset Management Agreement; and (b) the provision of the Investment Management Services by Kailong Investment Management to Power City pursuant to the Investment Management Agreement have, since 26 September 2014, become continuing connected transactions of the Company.

Asset Management Agreement between Bestlinkage and KLR Shanghai

On 1 August 2012, Bestlinkage entered into an Asset Management Agreement with KLR Shanghai for a term of 5 years from 1 August 2012 where KLR Shanghai shall provide such asset management services for the assets to Bestlinkage including, amongst others, strategic management, new lettings, lease renewals and rent reviews rent arbitration, surrenders or terminations, refurbishment, collection of rent and service charges, insurance, repair and maintenance, general management, asset administration, reporting and financing.

KLR Shanghai is entitled to a fee equal to the annual amount of RMB 1,124,537.51, to be paid quarterly in advance; provided however that the right to receive the fee shall terminate on the date of termination or resignation of KLR Shanghai except with respect to any previously accrued and unpaid fees and any indemnification owed to KLR Shanghai in accordance with the Asset Management Agreement.

For the year ended 31 March 2015, the amount paid/payable by the Group to KLR Shanghai for the asset management services rendered was RMB562,000.

Investment Management Agreement between Power City and Kailong Investment Management

On 1 August 2012, Power City entered into an Investment Management Agreement with Kailong Investment Management for a term of 5 years from 1 August 2012 where Kailong Investment Management shall provide such investment management services to Power City include amongst others, (a) market research review and investment strategy, including reviewing market research reports such as constant monitoring of the real estate markets, analysis of future market developments and trends that are emerging and evaluation of information, giving comments on the list of shortlisted target properties that are proposed/presented and advising on devising the investment strategy and (b) disposition of real estate, including preparing an exit strategy and making recommendations on disposition of assets, advising on determination of optimal times for disposition of properties, evaluating exit timing and giving advice on method of exit, reviewing the reports and proposals relating to time and method of implementation of the sale, participating in global search for potential buyer of assets and involvement in the negotiations and the sale in accordance with the requests of the investor, and in particular be available as contact point for questions, etc., in the course of the due diligence process of a prospective buyer.

Kailong Investment Management is entitled to the following remuneration for the provision of the investment management services:

(a) Investment Advisory Fee
An investment advisory fee equal to 0.5% p.a. on RMB 224,907,200. The fee is payable quarterly in advance.

(b) Disposition Fee
A disposition fee equal to 0.5% of the disposition proceeds. The disposition fee is payable at the closing of the definitive sales agreement with the respective purchaser, following receipt of payment from the respective purchaser. In the event that Kailong Investment Management is terminated for any reason other than termination upon event of default, all disposition fees earned by Kailong Investment Management with respect to disposition that has closed prior to such termination and within one hundred and eighty days thereafter and exit with third party purchasers with whom Kailong Investment Management has had substantive discussion with respect to the assets are identified in writing by Kailong Investment Management to Power City prior to the effective date of Kailong Investment Management's termination that have closed prior to such termination or involuntary resignation or within 180 days thereafter and shall be paid as if such termination or resignation had not occurred in accordance with the provisions of the Investment Management Agreement.

(c) Promote
Kailong Investment Management shall be entitled to receive a fee payable quarterly in arrears, from net cash flow from the assets as follows:

(i) first, ten percent (10%) of net cash flow, if and to the extent that as of date of determination, the assets have yielded an IRR equal to or in excess of fifteen percent (15%) and less than twenty percent (20%); and

(ii) second, twelve point five percent (12.5%) of net cash flow, if and to the extent that as of the date of determination, the assets have yielded an IRR equal to or in excess of twenty percent (20%) and less than twenty-five percent (25%); and

(iii) third, fifteen percent (15%) of the net cash flow, if and to the extent that as of the date of determination, the assets have yielded an IRR equal to or in excess of twenty-five percent (25%)

For the year ended 31 March 2015, the amount paid/payable by the Group to Kailong Investment Management for the investment management services rendered was RMB562,000.

Pursuant to rule 14A.55 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 2015 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. While the Asset Management Agreement and the Investment Management Agreement are entered into prior to Kailong ceased to be 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.56 of the Listing Rules, the Company's auditors have only confirmed that such continuing connected transactions carried out during the year ended 31 March 2015 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 under the Listing Rules are disclosed in note 33 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 33 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 SCHEMES

Details of the Group's retirement benefit schemes are set out in note 29 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

CHARITABLE DONATIONS

Donations made by the Group during the year for charitable amounted to HK$130,000 (2014: HK$90,000).

MAJOR CUSTOMERS, SUBCONTRACTORS AND SUPPLIERS

For the year, the five largest customers of the Group accounted for 64% of the Group's total revenue and total revenue from the largest customer included therein accounted for 35%. The aggregate purchase attributable to the five largest suppliers of the Group during the year was accounted for 99% of the total purchases of the Group and the largest supplier included therein accounted for 86%.

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 Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules, except the following deviations:

Code provision A.1.1 of the CG Code stipulates that regular board meetings should be held at least four times a year at approximately quarterly intervals. There were nine Board meetings held during the year ended 31 March 2015, two of which were regular meetings held for approving the final results for the year ended 31 March 2014 and the interim results for the period ended 30 September 2014. 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 directors were absent from the last annual general meeting held on 12 August 2014 due to other business commitments.

AUDITOR

The Financial Statements have been audited by KPMG, who will retire and, being eligible, offer themselves for re-appointment at our forthcoming Annual General Meeting.

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

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

Hong Kong, 12 June 2015

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 30 to 105 which comprise the consolidated and company statements of financial position as at 31 March 2015, 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 financial position of the Company and of the Group as at 31 March 2015 and of the Group's financial performance and cash flow 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

12 June 2015

Consolidated Income Statement

For the year ended 31 March 2015
(Expressed in Hong Kong dollars)

	Note	2015 $'000	2014 $'000 (Re-presented)
Continuing operations			
Revenue	*4*	**321,723**	2,116,234
Cost of sales and services		**(233,986)**	(1,110,269)
Gross profit		**87,737**	1,005,965
Other revenue	*5(a)*	**6,422**	1,904
Other net income/(loss)	*5(b)*	**7,788**	(1,323)
Selling and marketing expenses		**(10,679)**	(35,074)
Administrative and other operating expenses		**(142,163)**	(148,220)
Gain on disposal of interests in subsidiaries	*30(c) & 30(d)*	**29,160**	–
Gain on disposal of interest in an associate	*15*	**64,091**	–
Profit from operations		**42,356**	823,252
Increase in fair value of investment properties		**61,810**	55,373
		104,166	878,625
Finance costs	*6(a)*	**(7,725)**	(7,118)
Share of profits of associates	*15*	**22,396**	21,491
Share of loss of a joint venture	*16*	**(226)**	(1,377)
Profit before taxation		**118,611**	891,621
Income tax	*7*	**(16,814)**	(188,739)
Profit for the year from continuing operations		**101,797**	702,882
Discontinued operations			
Profit for the year from discontinued operations	*9*	**9,848**	49,384
Profit for the year	*6*	**111,645**	752,266

For the year ended 31 March 2015
(Expressed in Hong Kong dollars)

	Note	2015 $'000	2014 $'000 (Re-presented)
Attributable to:			
Equity shareholders of the Company			
– from continuing operations		**101,908**	402,373
– from discontinued operations		**11,506**	19,501
		113,414	421,874
Non-controlling interests			
– from continuing operations		**(111)**	300,509
– from discontinued operations		**(1,658)**	29,883
		(1,769)	330,392
Profit for the year		**111,645**	752,266
Earnings per share	*10*		
Basic:			
– Continuing operations		**21.3 cents**	84.3 cents
– Discontinued operations		**2.4 cents**	4.1 cents
		23.7 cents	88.4 cents

The notes on pages 38 to 105 form part of these consolidated financial statements. Details of dividend payable to equity shareholders of the Company attributable to the profit for the year are set out in note 27(c).

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2015
(Expressed in Hong Kong dollars)

	Note	2015 $'000	2014 $'000
Profit for the year		**111,645**	752,266
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		**2,993**	606
– Share of translation reserve of associates		**(281)**	744
– Release of investment revaluation reserve upon disposal of interests in subsidiaries	*30(b)*	**(7,128)**	–
– Release of translation reserve upon disposal of interests in subsidiaries	*30(b) & 30(c)*	**(75)**	–
– Release of translation reserve upon disposal of interest in an associate	*15*	**(608)**	–
– Net change in fair value of available-for-sale investments		**–**	19,415
– Reclassification to profit or loss upon disposal of available-for-sale investments		**–**	(8,914)
– Release of reserve upon deemed disposal of available-for-sale investments		**–**	(4,440)
Other comprehensive income for the year		**(5,099)**	7,411
Total comprehensive income for the year		**106,546**	759,677
Comprehensive income for the year attributable to:			
Equity shareholders of the Company		**108,222**	414,520
Non-controlling interests		**(1,676)**	345,157
Total comprehensive income for the year		**106,546**	759,677

The notes on pages 38 to 105 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 March 2015
(Expressed in Hong Kong dollars)

	Note	2015 $'000	2014 $'000
Non-current assets			
Investment properties	12	**456,518**	355,567
Fixed assets	13	**55,926**	52,434
Interests in associates	15	**26,528**	98,688
Interest in a joint venture	16	**13,417**	13,584
Available-for-sale investments	17	**–**	187,068
Goodwill	18	**–**	27,934
Other receivables and deposits	21(b)	**132,036**	9,725
		684,425	745,000
Current assets			
Properties for sale	19	**470,635**	275,481
Inventories	20	**55,147**	91,181
Trade receivables	21(a)	**110,979**	105,508
Other receivables, deposits and prepayments	21(b)	**64,217**	26,937
Amount due from a joint venture	16	**1,924**	2,034
Restricted cash and pledged deposits	22	**–**	851
Bank deposits and cash	22	**279,544**	957,847
		982,446	1,459,839
Current liabilities			
Trade and other payables	23	**44,570**	113,248
Bank loans	24	**127,235**	161,296
Loans from non-controlling shareholders	25	**52,256**	72,097
Amounts due to associates	15	**17,729**	38,808
Dividend payable	27(c)	**–**	23,872
Taxation payable	7(d)	**5,720**	181,913
		247,510	591,234
Net current assets		**734,936**	868,605

At 31 March 2015
(Expressed in Hong Kong dollars)

	Note	2015 $'000	2014 $'000
Total assets less current liabilities		**1,419,361**	1,613,605
Non-current liabilities			
Bank loans	*24*	**151,319**	161,974
Deferred tax liabilities	*26(a)*	**15,833**	20,089
		167,152	182,063
NET ASSETS		**1,252,209**	1,431,542
CAPITAL AND RESERVES	*27*		
Share capital		**4,774**	4,774
Reserves		**1,193,668**	1,233,113
Total equity attributable to equity shareholders of the Company		**1,198,442**	1,237,887
Non-controlling interests		**53,767**	193,655
TOTAL EQUITY		**1,252,209**	1,431,542

Approved and authorised for issue by the board of directors on 12 June 2015.

CHAN William
DIRECTOR

YIP Chun Kwok
DIRECTOR

The notes on pages 38 to 105 form part of these consolidated financial statements.

Statement of Financial Position

At 31 March 2015
(Expressed in Hong Kong dollars)

	Note	2015 $'000	2014 $'000
Non-current assets			
Investments in subsidiaries	14	35,549	35,549
Interest in an associate	15	–	10,200
Other receivables and deposits	21(b)	79,536	–
		115,085	45,749
Current assets			
Other receivables and deposits	21(b)	633	635
Amounts due from subsidiaries	14	974,068	661,607
Bank deposits and cash	22	123,622	599,904
		1,098,323	1,262,146
Current liabilities			
Other payables and accruals	23	2,589	1,432
Amounts due to subsidiaries	14	42,262	36,902
Dividend payable	27(c)	–	23,872
		44,851	62,206
Net current assets		1,053,472	1,199,940
NET ASSETS		1,168,557	1,245,689
CAPITAL AND RESERVES	27		
Share capital		4,774	4,774
Reserves		1,163,783	1,240,915
TOTAL EQUITY		1,168,557	1,245,689

Approved and authorised for issue by the board of directors on 12 June 2015.

CHAN William
DIRECTOR

YIP Chun Kwok
DIRECTOR

The notes on pages 38 to 105 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2015
(Expressed in Hong Kong dollars)

	Note	Attributable to equity shareholders of the Company				Non-controlling interests	Total equity
		Share capital	Other reserves (note 27(b))	Retained profits (note 27(b))	Total		
		$'000	$'000	$'000	$'000	$'000	$'000
At 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	*27(c)*	–	–	(23,872)	(23,872)	–	(23,872)
Dividend in respect of the prior year	*27(c)*	–	–	(23,872)	(23,872)	–	(23,872)
Dividend paid to non-controlling shareholders		–	–	–	–	(295,833)	(295,833)
Equity settled share-based transactions	*27(e)*	–	6,075	–	6,075	–	6,075
Disposal of deemed capital contribution for non-controlling shareholders		–	–	–	–	(791)	(791)
At 31 March 2014 and 1 April 2014		4,774	587,250	645,863	1,237,887	193,655	1,431,542
Changes in equity for the year:							
Profit for the year		–	–	113,414	113,414	(1,769)	111,645
Other comprehensive income		–	(5,192)	–	(5,192)	93	(5,099)
Total comprehensive income for the year		–	(5,192)	113,414	108,222	(1,676)	106,546
Dividend in respect of the prior year	*27(c)*	–	–	(152,783)	(152,783)	–	(152,783)
Equity settled share-based transactions	*27(e)*	–	8,100	–	8,100	–	8,100
Acquisition of additional interest in a subsidiary	*30(a)*	–	(2,012)	–	(2,012)	12	(2,000)
Disposal of interests in subsidiaries	*30(b) & 30(c)*	–	–	–	–	(139,211)	(139,211)
Deemed disposal of a subsidiary		–	(987)	–	(987)	987	–
Share of other reserves of an associate		–	15	–	15	–	15
Disposal of interest in an associate	*15*	–	562	(562)	–	–	–
Transfer to statutory reserve		–	3,365	(3,365)	–	–	–
At 31 March 2015		4,774	591,101	602,567	1,198,442	53,767	1,252,209

The notes on pages 38 to 105 form part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2015
(Expressed in Hong Kong dollars)

	Note	2015 $'000	2014 $'000
Cash (used in)/generated from operations	*22(b)*	**(413,609)**	1,403,345
Interest paid		**(10,356)**	(13,497)
Net income tax paid		**(190,982)**	(3,207)
Net cash (used in)/generated from operating activities		**(614,947)**	1,386,641
Investing activities			
Purchases of investment properties	*12*	**(228)**	–
Purchases of fixed assets	*13*	**(9,338)**	(6,257)
Acquisition of additional interest in a subsidiary	*30(a)*	**(24,000)**	–
Net cash outflows from acquisition of assets and liabilities through acquisition of a subsidiary	*30(e)*	**–**	(22,201)
Net cash inflows through disposal of interests in subsidiaries	*30(b), 30(c) & 30(d)*	**48,690**	–
Proceeds from disposal of interest in an associate	*15*	**101,516**	–
Investment in a joint venture	*16*	**–**	(14,961)
Dividend from an associate	*15*	**–**	3,000
Purchase of available-for-sale investments		**(6,309)**	(71,087)
Proceeds from disposal of available-for-sale investments		**37,226**	39,869
Proceeds from disposal of fixed assets		**22**	136
Decrease/(increase) in bank deposits with maturity over 3 months	*22(a)*	**170,000**	(170,000)
Interest received	*5(a)*	**5,824**	2,351
Net cash generated from/(used in) investing activities		**323,403**	(239,150)
Financing activities			
Proceeds from new bank loans		**174,583**	229,634
Repayments of bank loans		**(219,385)**	(390,401)
Advances from/(repayment to) non-controlling shareholders		**2,165**	(109,804)
Dividend paid		**(176,655)**	(319,705)
Net cash used in financing activities		**(219,292)**	(590,276)
Net (decrease)/increase in cash and cash equivalents		**(510,836)**	557,215
Cash and cash equivalents at 1 April		**787,847**	230,033
Effect of foreign exchange rate changes		**2,533**	599
Cash and cash equivalents at 31 March	*22(a)*	**279,544**	787,847

The notes on pages 38 to 105 form part of these consolidated financial statements.

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(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 36.

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). 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 2015 comprise the Company and its subsidiaries (together referred to as the "Group") and the Company's interests 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 a number of 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 HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*
- Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*
- Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*

Amendments to HKFRS 10, HKFRS 12 and HKAS 27, Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on these financial statements as the Company does not qualify to be an investment entity.

Amendments to HKAS 32, Offsetting financial assets and financial liabilities

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the Group.

Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash generating unit ("CGU") whose recoverable amount is based on fair value less costs of disposal. The adoption of these amendments does not have an impact to the financial statements of the Group as the Group does not have any impaired non-financial assets.

Amendments to HKAS 39, Novation of derivatives and continuation of hedge accounting

The amendments to HKAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on these financial statements as the Group has not novated any of its derivatives.

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

(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.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Subsidiaries and non-controlling interests (Continued)

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

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

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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Associates and joint venture (Continued)

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 CGU, or groups of CGUs, 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 CGU during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(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.

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(Expressed in Hong Kong dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Investment properties

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)); and

– other items of plant and equipment.

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
– Furniture, fixtures and equipment	3-7 years

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.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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)).

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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.

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 a joint venture 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 CGU).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the CGU to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (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.

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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.

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.

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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.

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.

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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.

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.

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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, 27(e) and 28(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 and prices 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.

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 receivables, 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 REVENUE AND SEGMENT REPORTING

(a) Revenue

Revenue represents income from sales of properties, rental income and hospitality service fees, 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:

	2015	2014
	$'000	$'000
		(Re-presented)
Sales of properties	**–**	1,940,378
Rental income	**4,299**	1,532
Hospitality service fees	**291**	992
Distribution of construction and interior decorative materials	**316,960**	172,340
Sales of educational products	**173**	992
	321,723	2,116,234

(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.

During the year, the Group disposed of its asset, investment and fund management segment which is presented as discontinued operations. Details are set out in notes 9 and 30(b).

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4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

Continuing operations

– Property development – This segment derives its revenue from repositioning and value enhancement of property with a focus on development projects in prime locations in Hong Kong, the United Kingdom and the United States of America (the "U.S.A.").

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

– 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.

Discontinued operations

– 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.

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, gain on disposal of interests in subsidiaries and an associate, provision for impairment loss on other receivables, 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, interests in associates, interest in a joint venture, certain other receivables, deposits and prepayments, amount due from a joint venture and bank deposits and cash.

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

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

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

Segment results

For the year ended 31 March 2015

	Continuing operations			Discontinued operations (note 9)		
	Property development $'000	Property investment and hospitality operations $'000	Distribution of construction and interior decorative materials and educational products $'000	Asset, investment and fund management $'000	Elimination $'000	Consolidated $'000
Revenue						
External revenue	706	3,884	317,133	15,601	–	337,324
Inter-segment revenue	2,310	1,239	–	1,377	(4,926)	–
Total	3,016	5,123	317,133	16,978	(4,926)	337,324
Segment profit/(loss)	(1,600)	41,959	39,716	(4,392)	–	75,683
Corporate expenses						(46,482)
Corporate income						5,824
Gain on disposal of interests in subsidiaries						43,353
Gain on disposal of interest in an associate						64,091
Provision for impairment loss on other receivables						(28,455)
Finance costs						(7,725)
Share of profits of associates						22,396
Share of loss of a joint venture						(226)
Profit before taxation						128,459
Profit before taxation						
– Continuing operations						118,611
– Discontinued operations (note 9)						9,848
						128,459

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4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

Segment results (Continued)

For the year ended 31 March 2014

	Continuing operations			Discontinued operations (note 9)		
	Property development $'000	Property investment and hospitality operations $'000	Distribution of construction and interior decorative materials and educational products $'000	Asset, investment and fund management $'000	Elimination $'000	Consolidated $'000
Revenue						
External revenue	1,940,378	2,524	173,332	85,163	–	2,201,397
Inter-segment revenue	237,910	–	–	6,766	(244,676)	–
Total	2,178,288	2,524	173,332	91,929	(244,676)	2,201,397
Segment profit/(loss)	922,460	44,182	(22,363)*	54,434	–	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
Profit before taxation						
– Continuing operations						891,621
– Discontinued operations (note 9)						55,363
						946,984

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

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4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

Segment assets and liabilities

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

	2015 $'000	2014 $'000
Segment assets		
Continuing operations		
Property development	505,446	327,019
Property investment and hospitality operations	477,694	357,601
Distribution of construction and interior decorative materials and educational products	181,300	205,869
	1,164,440	890,489
Discontinued operations		
Asset, investment and fund management	–	240,294
Total segment assets	1,164,440	1,130,783
Fixed assets	349	318
Interests in associates	26,528	98,688
Interest in a joint venture	13,417	13,584
Other receivables, deposits and prepayments	180,669	1,585
Amount due from a joint venture	1,924	2,034
Bank deposits and cash	279,544	957,847
Total consolidated assets of the Group	1,666,871	2,204,839
Segment liabilities		
Continuing operations		
Property development	154,363	435,193
Property investment and hospitality operations	138,939	86,727
Distribution of construction and interior decorative materials and educational products	49,359	139,240
	342,661	661,160
Discontinued operations		
Asset, investment and fund management	–	15,735
Total segment liabilities	342,661	676,895
Other payables and accruals	3,912	2,344
Loans from non-controlling shareholders	52,256	50,097
Dividend payable	–	23,872
Deferred tax liabilities	15,833	20,089
Total consolidated liabilities of the Group	414,662	773,297

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4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

Other segment information

For the year ended 31 March 2015

	Continuing operations			Discontinued operations			
	Property development $'000	Property investment and hospitality operations $'000	Distribution of construction and interior decorative materials and educational products $'000	Asset, investment and fund management $'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)	7,011	93,407	1,072	56	101,546	190	101,736
Depreciation of fixed assets	1,890	1,259	979	94	4,222	142	4,364
Gain on disposal of fixed assets	–	–	–	–	–	4	4

For the year ended 31 March 2014

	Continuing operations			Discontinued operations			
	Property development $'000	Property investment and hospitality operations $'000	Distribution of construction and interior decorative materials and educational products $'000	Asset, investment and fund management $'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)	47,485	300,330	1,360	137	349,312	90	349,402
Depreciation of fixed assets	–	20	892	240	1,152	254	1,406
Gain/(loss) on disposal of fixed assets	–	–	(5)	85	80	–	80

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

Geographical information

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

	2015 $'000	2014 $'000 (Re-presented)
Hong Kong	995	1,941,370
The PRC	319,759	173,872
Others	969	992
	321,723	2,116,234

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:

	2015 $'000	2014 $'000
Hong Kong	144,883	146,778
The PRC	394,014	387,775
Others	13,492	13,654
	552,389	548,207

5 OTHER REVENUE AND OTHER NET INCOME/(LOSS)

	2015 $'000	2014 $'000 (Re-presented)
Continuing operations		
(a) Other revenue		
Interest income	5,777	1,611
Others	645	293
	6,422	1,904
(b) Other net income/(loss)		
Gain/(loss) on disposal of fixed assets	4	(5)
Net foreign exchange gain/(loss)	7,784	(1,318)
	7,788	(1,323)

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5 OTHER REVENUE AND OTHER NET INCOME/(LOSS) (Continued)

	2015 $'000	2014 $'000 (Re-presented)
Discontinued operations (note 9)		
(a) Other revenue		
Interest income	47	740
Others	580	282
	627	1,022
(b) Other net income		
Gain on disposal of available-for-sale investments (Note)	–	11,885
Gain on disposal of fixed assets	–	85
Net foreign exchange gain	47	647
	47	12,617

Note: Gain on disposal of available-for-sale investments included a revaluation surplus of $11,885,000 transferred from the investment revaluation reserve for the year ended 31 March 2014.

6 PROFIT FOR THE YEAR

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

	2015 $'000	2014 $'000
(a) Finance costs		
Continuing operations		
Interest on bank loans	10,356	13,205
Imputed interest on loans from non-controlling shareholders	–	2,041
	10,356	15,246
Less: amounts capitalised (Note)	(2,631)	(8,128)
	7,725	7,118

Note: Interest was capitalised at an average annual rate of 2.7% (2014: 1.6%).

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6 PROFIT FOR THE YEAR (Continued)

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

	2015 $'000	2014 $'000 (Re-presented)
(b) Other items		
Continuing operations		
Depreciation of fixed assets	4,270	1,166
Salaries, wages and other benefits	62,117	87,954
Contributions to defined contribution retirement plans (note 29)	1,597	1,408
Staff costs (including directors' remuneration)	63,714	89,362
Cost of inventories	233,986	128,480
Cost of trading properties for recognised sales	–	979,180
Operating lease payments in respect of leased properties	7,809	7,010
Rental receivable from investment properties less direct outgoings of $962,000 (2014: $547,000)	(3,337)	(985)
(Reversal of impairment)/impairment loss:		
– Inventories (note 20)	–	1,862
– Trade receivables (note 21(a)(ii))	(83)	17,249
– Other receivables (note 30(c))	28,455	–
Auditors' remuneration	1,510	1,476
Equity settled share-based payment (note 27(e))	8,100	6,075
Discontinued operations		
Depreciation of fixed assets	94	240
Staff costs:		
Gross staff costs (including directors' remuneration)	13,095	22,695
Operating lease payments in respect of leased properties	2,370	4,251
Auditors' remuneration	195	511

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7 INCOME TAX

(a) Taxation in the consolidated income statement represents:

	2015 $'000	2014 $'000 (Re-presented)
Continuing operations		
Current tax		
Hong Kong Profits Tax		
– Provision for the year	**3,681**	171,176
– Over-provision in respect of prior year	**(133)**	–
	3,548	171,176
PRC Enterprise Income Tax	**11,121**	3,720
Overseas tax	**119**	–
	14,788	174,896
Deferred tax		
Origination and reversal of temporary differences (note 26(a))	**2,026**	13,843
	16,814	188,739
Discontinued operations (note 9)		
Current tax		
PRC Enterprise Income Tax	**–**	5,979

The provision for Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the year ended 31 March 2015.

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% (2014: 25%) for the year.

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

7 INCOME TAX (Continued)

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

	2015 $'000	2014 $'000 (Re-presented)
Profit before taxation from continuing operations	118,611	891,621
Notional tax on profit before taxation, from continuing operations calculated at rates applicable to profits in the countries concerned	23,615	166,401
Tax effect of share of profits of associates	(3,695)	(3,546)
Tax effect of share of loss of a joint venture	37	227
Tax effect of non-deductible expenses	9,328	14,794
Tax effect of non-taxable income	(26,004)	(1,131)
Over-provision in respect of prior year	(133)	–
Tax effect of unused tax losses not recognised	13,390	12,295
Others	276	(301)
Actual tax expenses from continuing operations	16,814	188,739

(c) Share of associates' taxation for the year ended 31 March 2015 of $5,600,000 (2014: $4,170,000) is included in the share of profits of associates.

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

	The Group 2015 $'000	 2014 $'000
Provision for Hong Kong Profits Tax for the year	2,508	171,176
Balance of Profits Tax in respect of prior year	–	1,490
PRC Enterprise Income Tax payable	3,124	9,247
Overseas taxation payable	88	–
Taxation payable	5,720	181,913

(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 and disposal of a subsidiary is deferred tax of $Nil (2014: $7,242,000) and release of deferred tax liabilities of $6,245,000 (2014: $4,451,000) 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 (b)) $'000	Retirement benefits scheme contributions $'000	Total $'000
For the year ended 31 March 2015					
Executive directors:					
Mr. Chan William (Note (a))	**–**	**12,000**	**8,000**	**18**	**20,018**
Mr. Ng Tak Kwan	**9,600**	**–**	**4,000**	**–**	**13,600**
Mr. Yip Chun Kwok	**–**	**3,000**	**500**	**18**	**3,518**
Independent non-executive directors:					
Mr. To King Yan, Adam	**246**	**–**	**–**	**–**	**246**
Mr. Wong Hoi Ki	**246**	**–**	**–**	**–**	**246**
Mr. Ho Kwok Wah, George	**246**	**–**	**–**	**–**	**246**
	10,338	**15,000**	**12,500**	**36**	**37,874**

	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonus (Note (b)) $'000	Retirement benefits scheme contributions $'000	Total $'000
For the year ended 31 March 2014					
Executive directors:					
Mr. Chan William (Note (a))	–	8,400	33,600	15	42,015
Mr. Ng Tak Kwan	6,720	–	10,880	–	17,600
Mr. Yip Chun Kwok	–	2,100	2,900	15	5,015
Independent non-executive directors:					
Mr. To King Yan, Adam	240	–	–	–	240
Mr. Wong Hoi Ki	240	–	–	–	240
Mr. Ho Kwok Wah, George	240	–	–	–	240
	7,440	10,500	47,380	30	65,350

Notes:

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

(b) 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 (2014: three) executive directors of the Company for the year ended 31 March 2015. The emoluments of these executive directors are included in the disclosure set out above. The emoluments of the remaining two (2014: two) individuals were as follows:

	2015 **$'000**	2014 $'000
Salaries and other benefits	**3,509**	4,694
Retirement benefit scheme contributions	**102**	54
	3,611	4,748

The emoluments were within the following bands:

	No. of individuals **2015**	2014
$1,000,000 to $2,000,000	**1**	–
$2,000,001 to $2,500,000	**1**	1
$2,500,001 to $3,000,000	**–**	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 2015 and 31 March 2014.

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9 DISCONTINUED OPERATIONS

On 8 August 2014, the Group entered into a sale agreement to partially dispose of its 30% equity interests in Kailong Holdings Limited ("KLR Holdings") that carried out all of the Group's asset, investment and fund management operations (the "KLR Disposal") (note 30(b)). Details of the KLR Disposal were set out in the Company's announcement dated 8 August 2014.

The Group had decided to dispose of its equity interests in KLR Holdings as it intends to reallocate its capital into opportunities that offer better potential returns such as real estate investment opportunities. The financial results of KLR Holdings were classified and presented as discontinued operations in accordance with HKFRS 5, *"Non-current assets held for sale and discontinued operations"* ("HKFRS 5"). The KLR Disposal was completed on 26 September 2014, on which date the Group lost control in KLR Holdings.

The results of and (loss)/profit from the discontinued operations for the period from 1 April 2014 to 26 September 2014 and year ended 31 March 2014 are analysed as follows:

	Note	**1 April 2014 to 26 September 2014 $'000**	Year ended 31 March 2014 $'000
Revenue		**15,601**	85,163
Cost of sales and services		**(12,539)**	(22,516)
Gross profit		**3,062**	62,647
Other revenue	*5(a)*	**627**	1,022
Other net income	*5(b)*	**47**	12,617
Administrative and other operating expenses		**(8,081)**	(20,923)
(Loss)/profit before taxation		**(4,345)**	55,363
Income tax	*7(a)*	**–**	(5,979)
(Loss)/profit for the period/year		**(4,345)**	49,384
Gain on disposal of discontinued operations	*30(b)*	**14,193**	–
		9,848	49,384
The net cash flows incurred by the discontinued operations are as follows:			
Net cash used in operating activities		**(27,671)**	
Net cash generated from investing activities		**30,861**	
Net cash inflows		**3,190**	

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 $101,908,000 and $11,506,000 respectively (2014 (Re-presented): $402,373,000 and $19,501,000 respectively) and the weighted average number of 477,447,000 ordinary shares issued during both years.

(b) Diluted earnings per share

There are no potential diluted ordinary shares during the years ended 31 March 2015 and 31 March 2014.

11 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a profit of $75,651,000 (2014: $490,930,000) which has been dealt with in the financial statements of the Company.

12 INVESTMENT PROPERTIES

(a) The Group

	2015 $'000	2014 $'000
At valuation:		
At 1 April	355,567	–
Additions from acquisition of assets through acquisition of a subsidiary (note 30(e))	–	300,238
Additions	228	–
Transfer (Note)	92,170	–
Revaluation surplus	8,104	55,373
Exchange adjustments	449	(44)
At 31 March	456,518	355,567

Note: During the year ended 31 March 2015, completed properties held for sale of $92,170,000 were transferred from "properties for sale" to "investment properties" as a result of change of use. The properties were measured at fair value at the time of transfer and revaluation surplus of $53,706,000 has been dealt with in the consolidated income statement.

The analysis of valuation of properties is as follows:

	2015 $'000	2014 $'000
Medium-term leases		
Hong Kong	92,170	–
The PRC	364,348	355,567
	456,518	355,567

At 31 March 2015, investment properties amounting to $455,318,000 (2014: $355,567,000) were pledged as securities for bank loans (note 24).

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12 INVESTMENT PROPERTIES (Continued)

(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 2015, the Group's investment properties fall into Level 3 of the fair value hierarchy as described above.

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 2015, there were no transfers between Level 1 and Level 2 or transferred into or out of Level 3.

The investment properties in Hong Kong and the PRC were revalued as at 31 March 2015 respectively by Roma Appraisals Limited and Colliers International (Hong Kong) Limited, independent firms of surveyors who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the locations and categories of properties being valued.

Valuation processes

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

Valuation methodologies

The fair value of investment properties in Hong Kong and the PRC are determined respectively using direct comparison approach by referencing to recent sales prices of comparable properties adjusted for a premium or discount specific to the quality of the Group's investment properties compared to the recent sales and discounting a projected cash flow series associated with the properties using discount rate.

The valuation of investment properties in the PRC 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.

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12 INVESTMENT PROPERTIES (Continued)

(b) Fair value hierarchy (Continued)

(ii) Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Range (weighted average)
Investment properties			
– Hong Kong	Direct comparison approach	Premium on quality of building	0%-15%
– 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 1 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:

	2015 $'000	2014 $'000
Within 1 year	**3,143**	2,029
After 1 year but within 5 years	**2,577**	1,008
	5,720	3,037

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13 FIXED ASSETS

The Group

	Buildings held for own use $'000	Leasehold improvements $'000	Furniture, fixtures and equipment $'000	Total $'000
At cost:				
At 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 March 2014 and 1 April 2014	47,485	4,221	2,842	54,548
Exchange adjustments	–	5	(9)	(4)
Additions	–	7,142	2,196	9,338
Disposals	–	(1,111)	(1,641)	(2,752)
At 31 March 2015	47,485	10,257	3,388	61,130
Accumulated depreciation, amortisation and impairment losses:				
At 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 March 2014 and 1 April 2014	–	1,401	713	2,114
Exchange adjustments	–	2	(3)	(1)
Charge for the year	1,427	1,958	979	4,364
Written back on disposals	–	(851)	(422)	(1,273)
At 31 March 2015	1,427	2,510	1,267	5,204
Net book value:				
At 31 March 2015	46,058	7,747	2,121	55,926
At 31 March 2014	47,485	2,820	2,129	52,434

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

At 31 March 2015 and 31 March 2014, all buildings held for own use are pledged as securities for bank loans (note 24).

14 INVESTMENTS IN SUBSIDIARIES

	The Company	
	2015	2014
	$'000	$'000
Unlisted shares, at cost	**35,549**	35,549

Details of principal subsidiaries are set out in note 36.

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"), a wholly-owned subsidiary of KLR Holdings and the only subsidiary of the Group which had material non-controlling interests ("NCI") at 31 March 2014. On 8 August 2014, the Group disposed of its 30% equity interests in KLR Holdings. The KLR Disposal was completed on 26 September 2014, on which date the Group lost control in KLR Holdings. The summarised financial information presented below represents the amounts before any inter-company elimination.

	KLR Hong Kong 2014 $'000
NCI percentage	60.26%
Current assets	51,397
Non-current assets	222,242
Current liabilities	(15,734)
Non-current liabilities	(1,860)
Net assets	256,045
Carrying amount of NCI	154,556
Revenue	88,584
Profit for the year	52,284
Total comprehensive income	67,316
Profit allocated to NCI	31,507
Cash flows generated from operating activities	21,633
Cash flows generated from investing activities	44,571

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15 INTERESTS IN ASSOCIATES

	The Group 2015 $'000	The Group 2014 $'000	The Company 2015 $'000	The Company 2014 $'000
Unlisted shares, at cost	–	–	–	10,200
Share of net assets	26,528	98,688	–	–
	26,528	98,688	–	10,200
Amounts due to associates	17,729	38,808	–	–

As at 31 March 2015, the Group has 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 2015	Proportion of issued capital held by the Group 2014	Profit sharing 2015	Profit sharing 2014	Proportion of voting power held in the board of directors 2015	Proportion of voting power held in the board of directors 2014	Principal activity
Sundart Holdings Limited (note (a))	Incorporated	British Virgin Islands ("B.V.I.")	Hong Kong	Ordinary	–	15%	–	15%	–	20% (note (a))	Investment holding
Sundart Timber Products Company Limited (note (a) & (b))	Incorporated	Hong Kong	Hong Kong	Ordinary	–	15% (note (b))	–	15%	–	20%	Investment holding and supply and installation of timber doors and floor sets and interior fitting-out works
Sundart Engineering Services (Macau) Limited (note (a) & (b))	Incorporated	Macau	Macau	Ordinary	–	15% (note (b))	–	15%	–	20%	Supply and installation of timber doors and floor sets and interior fitting-out works
Kin Shing (Leung's) General Contractors Limited (note (a) & (b))	Incorporated	Hong Kong	Hong Kong	Ordinary	–	15% (note (b))	–	15%	–	20%	Construction and civil engineering works
KLR Holdings (note (c))	Incorporated	Cayman Islands	The PRC	Ordinary	9.74%	–	9.74%	–	28.57% (note (c))	–	Asset, investment and fund management
KLR Hong Kong (notes (c) & (d))	Incorporated	Hong Kong	Hong Kong	Ordinary	9.74% (note (d))	–	9.74%	–	28.57%	–	Asset, investment and fund management
Kailong REI Project Investment Consulting (Shanghai) Co., Ltd. (notes (c) & (d))	Incorporated	The PRC	The PRC	Registered capital	9.74% (note (d))	–	9.74%	–	28.57%	–	Asset, investment and fund management
Kailong Investment Management (Shanghai) Co., Ltd. (notes (c) & (d))	Incorporated	The PRC	The PRC	Registered capital	9.74% (note (d))	–	9.74%	–	28.57%	–	Asset, investment and fund management
Kailong Capital Investment Fund Management (Shenzhen) Co., Ltd. (notes (c) & (d))	Incorporated	The PRC	The PRC	Registered capital	9.74% (note (d))	–	9.74%	–	28.57%	–	Asset, investment and fund management

15 INTERESTS IN ASSOCIATES (Continued)

Notes:

(a) As at 31 March 2014, the Group was able to exercise significant influence over Sundart Holdings Limited ("Sundart") because it had power to appoint one out of five directors of Sundart pursuant to the shareholders' agreement upon completion of the disposal of 85% equity interests in Sundart by the Group on 16 May 2012.

In December 2014, the Group disposed of its remaining 15% equity interests in Sundart, to an independent third party (the "Sundart Purchaser"), at a consideration of $180,000,000 (the "Sundart Disposal"). The Sundart Disposal was completed on 2 December 2014.

The Sundart Disposal is accounted for as a disposal of an associate, and resulted in the Group recognising a gain of approximately $64,091,000 in profit or loss, calculated as follows:

	At 2 December 2014 $'000
Fair value of consideration received and receivables	181,052
Less:	
– carrying amount of 15% equity interests in Sundart	(117,569)
Release of translation reserve	608
Gain recognised in profit or loss	64,091

The consideration shall be payable by the Sundart Purchaser by way of three instalments. The first instalment was payable upon the date of completion and the last instalment will be payable on or before 30 June 2016. Interest on the outstanding amount of the sales consideration is charged at the rate of 2.5% per annum over 3-month Hong Kong Interbank Offer Rate ("HIBOR") from the Sundart Disposal completion date until the actual date of payment.

As at 31 March 2015, the Sundart Purchaser had settled $101,516,000. The remaining amounts of the sales consideration and its accrued interest in the carrying amount of $79,536,000 are included in other receivables, deposits and prepayments at 31 March 2015 (note 21(b)).

Upon the completion of the Sundart Disposal, the Company entered into the deed of share pledge pursuant to which 727 Sundart shares were pledged in favour of the Company by the way of first fixed charge, as security for the payment of outstanding portions of the sales consideration by the Sundart Purchaser.

The Group equity accounted for the financial results of Sundart until 2 December 2014 and recognised as the share of profits of associates of $19,147,000.

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

(c) Upon the completion of the KLR Disposal (see note 30(b)), the Group's indirect interests in the issued share capital of KLR Holdings decreased from approximately 39.74% to approximately 9.74%. The Group accounted for the remaining 9.74% equity interests of KLR Holdings as interest in an associate as the Group has power to appoint two out of seven directors of KLR Holdings pursuant to the shareholders' agreement upon completion of the KLR Disposal and the Group is able to exercise significant influence over the operating and financial decisions of KLR Holdings.

(d) These entities are wholly-owned subsidiaries of KLR Holdings.

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

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15 INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

(f) Summary financial information of associates

Set out below is the summarised consolidated financial information of a material associate, KLR Holdings as at 31 March 2015 (2014: material associate – Sundart) adjusted for any differences in accounting policies and reconciled to the carrying amounts in the consolidated financial statements.

	KLR Holdings 2015 $'000	Sundart 2014 $'000
Gross consolidated amounts of the associate		
Current assets	**114,324**	1,856,546
Non-current assets	**195,599**	47,179
Current liabilities	**(35,074)**	(1,208,328)
Non-current liabilities	**(5,823)**	(23,108)
Net assets	**269,026**	672,289
Revenue	**84,772**	2,486,598
Profit for the period/year	**33,361**	148,866
Other comprehensive income	**(154)**	6,013
Total comprehensive income	**33,207**	154,879
Profit attributable to shareholders	**33,361**	143,275
Dividend received from the associate	**–**	3,000
Reconciled to the Group's interest in the associate		
Gross amounts of consolidated net assets of the associate	**269,026**	672,289
Non-controlling interests of the associate	**–**	(37,008)
	269,026	635,281
Group's effective interest	**9.74%**	15%
Group's share of consolidated net assets of the associate	**26,203**	95,291
Exchange adjustments	**8**	–
Goodwill	**317**	3,397
Carrying amount in the consolidated financial statements	**26,528**	98,688
Group's share of associate's profit	**3,249**	21,491

(g) Amounts due to associates

Amounts due to associates are unsecured, interest-free and repayable on demand.

16 INTEREST IN A JOINT VENTURE

	The Group	
	2015	2014
	$'000	$'000
Share of net assets, unlisted	**13,417**	13,584

At 31 March 2015, 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 2015	2014	Principal activity
RS Hospitality Private Limited	Incorporated	Bhutan	Bhutan	BTN239,400,000	**50%**	50%	Operation of boutique resorts

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

	2015	2014
	$'000	$'000
Revenue	**2,803**	242
Loss and total comprehensive income for the year	**226**	1,377

	2015	2014
	$'000	$'000
Group's interest in net assets of the joint venture		
At 1 April	**13,584**	–
Investment cost	**–**	14,961
Group's share of loss and total comprehensive income for the year	**(226)**	(1,377)
Exchange adjustments	**59**	–
At 31 March	**13,417**	13,584

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

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17 AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	The Group	
	2015 $'000	2014 $'000
Unlisted fund investments in the PRC	–	98,632
Unlisted equity securities in the PRC	–	88,436
	–	187,068

The unlisted fund investments represent investment in funds in the PRC. These funds principally invest in real estate properties in the PRC. During the year ended 31 March 2015, these unlisted fund investments and equity securities were disposed of through disposal of a subsidiary (note 30(b)).

18 GOODWILL

		The Group	
	Note	2015 $'000	2014 $'000
Cost and carrying amount:			
At 1 April		27,934	27,934
Disposal of a subsidiary	*30(b)*	(27,934)	–
At 31 March		–	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.

The goodwill arise from the acquisition of KLR Hong Kong was included in the calculation of the gain on disposal of interest in the subsidiary following the completion of the KLR Disposal (notes 9 and 30(b)).

19 PROPERTIES FOR SALE

	The Group	
	2015 $'000	2014 $'000
At cost:		
Completed properties held for sale	32,709	75,497
Properties under development for sale	437,926	199,984
	470,635	275,481

19 PROPERTIES FOR SALE (Continued)

At 31 March 2015, the carrying amounts of leasehold land and land deposits included in completed properties held for sale and properties under development for sale are summarised as follows:

	The Group	
	2015 $'000	2014 $'000
Held in Hong Kong		
Medium-term leases	257,536	275,481
Held outside Hong Kong		
Medium-term leases	87,072	–
Long-term leases	126,027	–
	470,635	275,481

(a) At 31 March 2015, properties under development for sale of $379,092,000 (2014: $199,984,000) are expected to be completed after more than one year.

(b) At 31 March 2015, properties for sale amounting to $257,536,000 (2014: $274,928,000) were pledged as securities for bank loans (note 24).

20 INVENTORIES

	The Group	
	2015 $'000	2014 $'000
At cost:		
Finished goods held for sale	45,839	57,678
Inventories-in-transit	9,308	33,503
	55,147	91,181

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

	The Group	
	2015 $'000	2014 $'000
Carrying amount of inventories sold	233,986	128,480
Written-down of inventories	–	1,862
	233,986	130,342

21 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(a) Trade receivables

	The Group 2015 $'000	2014 $'000
Trade receivables	**110,979**	105,508

(i) At 31 March 2015, the ageing analysis of trade receivables based on invoice date, net of allowance for doubtful debts, are as follows:

	The Group 2015 $'000	2014 $'000
1-30 days	**28,426**	47,785
31-60 days	**19,527**	37,116
61-90 days	**31,616**	15,219
Over 90 days	**31,410**	5,388
	110,979	105,508

Except for the Group's trade customers, which the Group negotiates on individual basis in accordance with contract terms, i.e. an average credit period of 60 days (2014: 90 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 28(a).

(ii) 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 2015 $'000	2014 $'000
At 1 April	**17,275**	–
(Reversal of impairment)/impairment loss recognised	**(83)**	17,249
Uncollectible amounts written off	**(1,397)**	–
Exchange adjustments	**19**	26
At 31 March	**15,814**	17,275

At 31 March 2015, the Group's trade receivables of $15,814,000 (2014: $17,275,000) were individually determined to be impaired. The individually impaired receivables relate to customers that were in financial difficulties and management assessed that these receivables were not expected to be recovered. During the year ended 31 March 2015, specific allowances for doubtful debts of $83,000 was reversed (2014: $17,249,000 was recognised).

21 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

(a) Trade receivables (Continued)

(iii) Trade receivables that are not impaired

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

	The Group	
	2015	2014
	$'000	$'000
Neither past due nor impaired	**62,658**	93,802
1-30 days	**13,966**	648
31-60 days	**8,890**	1,869
61-90 days	**11,590**	6,328
Over 90 days	**13,875**	2,861
	48,321	11,706
	110,979	105,508

Receivables that were neither past due nor impaired relate to a wide range of customers who have no recent history of default.

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

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21 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

(b) Other receivables, deposits and prepayments

		The Group		The Company	
	Note	**2015**	2014	**2015**	2014
		$'000	$'000	**$'000**	$'000
Other receivables		**11,229**	27,501	**16**	489
Consideration receivables					
– The KLR Disposal	30(b)	**60,401**	–	**–**	–
– The Sundart Disposal	15	**79,536**	–	**79,536**	–
– The Wing Lok Disposal	30(c)	**10,168**	–	**–**	–
Deposits and prepayments		**34,919**	9,161	**617**	146
		196,253	36,662	**80,169**	635
Non-current					
– The KLR Disposal		**52,500**	–	**–**	–
– The Sundart Disposal		**79,536**	–	**79,536**	–
– Loan receivables		**–**	9,725	**–**	–
		132,036	9,725	**79,536**	–
Current		**64,217**	26,937	**633**	635
		196,253	36,662	**80,169**	635

At 31 March 2014, loan receivables of $9,725,000 were unsecured and interest-free and the directors expected these balances were recoverable after one year from the end of the reporting period. During the year ended 31 March 2015, these balances were disposed of through disposal of a subsidiary (note 30(b)).

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22 BANK DEPOSITS AND CASH

(a) Deposits and cash comprise:

	The Group 2015 $'000	The Group 2014 $'000	The Company 2015 $'000	The Company 2014 $'000
Restricted bank deposits (note (i))	–	851	–	–
Deposits with banks	8,001	703,424	–	530,424
Cash at bank and in hand	271,543	254,423	123,622	69,480
Deposits and cash in the statement of financial position	279,544	957,847	123,622	599,904
Less: Bank deposits with maturity over 3 months	–	(170,000)	–	–
Cash and cash equivalents in the consolidated cash flow statement	279,544	787,847	123,622	599,904

Notes:

(i) At 31 March 2014, restricted bank balances included bank deposits of $851,000 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.

(ii) At 31 March 2015, bank deposits and cash include $78,403,000 (2014: $42,124,000) 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.

(iii) Bank deposits of the Group carry interest at market rates which range from 0.20% to 2.25% (2014: 0.34% to 2.40%) per annum.

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22 BANK DEPOSITS AND CASH (Continued)

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

	Note	The Group 2015 $'000	2014 $'000
Operating activities			
Profit for the year		111,645	752,266
Adjustments for:			
Increase in fair value of investment properties		(61,810)	(55,373)
Depreciation of fixed assets	13	4,364	1,406
Gain on disposal of fixed assets	5(b)	(4)	(80)
Gain on disposal of available-for-sale investments	5(b)	–	(11,885)
Gain on disposal of interests in subsidiaries	30(b), 30(c) & 30(d)	(43,353)	–
Gain on disposal of interest in an associate	15	(64,091)	–
Interest income	5(a)	(5,824)	(2,351)
Interest expenses	6(a)	7,725	7,118
Share of profits of associates	15	(22,396)	(21,491)
Share of loss of a joint venture	16	226	1,377
Impairment loss on inventories	20	–	1,862
(Reversal of impairment)/impairment loss on trade receivables	21(a)(ii)	(83)	17,249
Impairment loss on other receivables	30(c)	28,455	–
Equity settled share-based payments	27(e)	8,100	6,075
Others		–	1,531
Income tax expense from continuing and discontinued operations	7(a)	16,814	194,718
Operating (loss)/profit before changes in working capital		(20,232)	892,422
(Increase)/decrease in properties for sale		(277,613)	846,378
Decrease/(increase) in inventories		36,034	(80,298)
Increase in trade receivables		(5,388)	(58,216)
Increase in other receivables, deposits and prepayments		(49,317)	(2,095)
Decrease in amount due from an associate		–	2,817
Decrease/(increase) in amount due from a joint venture		110	(2,034)
(Decrease)/increase in trade and other payables		(61,241)	25,421
Decrease in deposits received from sale of properties		–	(388,081)
Decrease in restricted cash and pledged deposits		851	175,832
Decrease in amounts due to associates		(36,813)	(8,801)
Cash (used in)/generated from operations		(413,609)	1,403,345

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23 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Financial liabilities:				
Trade payables (including bills payable)	17,388	78,134	–	–
Retentions payable	862	–	–	–
Other payables and accruals	22,861	24,402	2,022	1,432
	41,111	102,536	2,022	1,432
Non-financial liabilities:				
Advances received from customers	2,564	10,240	–	–
Other non-financial liabilities	895	472	567	–
	3,459	10,712	567	–
	44,570	113,248	2,589	1,432

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

At 31 March 2015, the ageing analysis of trade payables, based on invoice date, is as follows:

	The Group	
	2015	2014
	$'000	$'000
1-30 days	14,906	76,709
31-60 days	281	–
61-90 days	1,249	223
Over 90 days	952	1,202
	17,388	78,134

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24 BANK LOANS

At 31 March 2015, the bank loans and trust receipt loans were repayable as follows:

	The Group	
	2015	2014
	$'000	$'000
Within 1 year or on demand	**127,235**	161,296
After 1 year but within 2 years	**110,724**	–
After 2 years but within 5 years	**36,738**	145,892
After 5 years	**3,857**	16,082
	151,319	161,974
	278,554	323,270

At 31 March 2015, the bank loans and trust receipt loans were secured as follows:

	The Group	
	2015	2014
	$'000	$'000
Secured bank loans	**257,031**	273,272
Unsecured bank loans		
– Bank loans	**–**	15,000
– Trust receipt loans	**21,523**	34,998
	278,554	323,270

(a) At 31 March 2015, bank loans drawn in Hong Kong bear interest at rates range from 2.0% to 2.7% (2014: 2.0% to 2.5%) per annum over HIBOR or London Interbank Offer Rate and interests are repriced every one to three months.

(b) At 31 March 2015, bank loans drawn in the PRC bear interest at The People's Bank of China Base Interest Rate per annum (2014: The People's Bank of China Base Interest Rate per annum).

(c) At 31 March 2015, the bank loans of approximately $114,989,000 (2014: $149,066,000) that are repayable within one year from the end of the reporting period contains a repayable on demand clause.

(d) At 31 March 2015, banking facilities of certain subsidiaries of the Group were secured by mortgages over the investment properties, properties for sale and buildings held for own use with an aggregate carrying value of $455,318,000 (2014: $355,567,000), $257,536,000 (2014: $274,928,000) and $46,058,000 (2014: $47,485,000) respectively (notes 12, 19 and 13). Such banking facilities amounted to $436,329,000 (2014: $414,175,000) were utilised to the extent of $257,031,000 at 31 March 2015 (2014: $273,272,000).

(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.

None of the covenants relating to the drawn down facilities had been breached for the years ended 31 March 2015 and 31 March 2014.

Further details of the Group's management of liquidity risk are set out in note 28(b).

25 LOANS FROM NON-CONTROLLING SHAREHOLDERS

At 31 March 2015, the loans from non-controlling shareholders of $52,256,000 (2014: $72,097,000) are unsecured, interest-free and are repayable on demand.

26 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 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 and 1 April 2014	13,843	6,246	20,089
Charged to profit or loss	2,026	–	2,026
Exchange adjustments	(36)	(1)	(37)
Disposal of a subsidiary (note 30(b))	–	(6,245)	(6,245)
At 31 March 2015	15,833	–	15,833

(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 the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to $33,781,000 (2014: $14,035,000) 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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26 DEFERRED TAX LIABILITIES (Continued)

(c) Deferred tax assets not recognised:

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

The Group

	2015		2014	
	Tax losses $'000	Deferred tax assets $'000	Tax losses $'000	Deferred tax assets $'000
Future benefit of tax losses				
– Hong Kong	121,895	20,113	52,873	8,724
– Outside Hong Kong	42,716	9,357	31,652	7,356
	164,611	29,470	84,525	16,080

The Group has not recognised the deferred tax assets attributable to the future benefit of tax losses sustained in the operations of certain subsidiaries as the availability of future taxable profits against which the assets can be utilised is uncertain at 31 March 2015. The tax losses arising from Hong Kong and Singapore operations do not expire under current tax legislation. The tax losses arising from operations in the PRC can be carried forward to offset against taxable profits of subsequent years for up to five years from the year in which they arose.

Included in unrecognised estimated tax losses are losses of approximately $26,134,000 (2014: 24,686,000) that will expire on various dates up to 2019 as set out below. Other losses of approximately $138,477,000 (2014: $59,839,000) may be carried forward indefinitely.

	2015 $'000	2014 $'000
Expired in:		
2017	1,140	2,320
2018	3,987	22,366
2019	21,007	-
	26,134	24,686

27 CAPITAL, RESERVES AND DIVIDEND

(a) Share capital

	2015		2014	
	Number of shares	$'000	Number of shares	$'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

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27 CAPITAL, RESERVES AND DIVIDEND (Continued)

(a) Share capital (Continued)

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.

(b) Reserves

(i) The Group

	Share premium	Statutory reserve (note (i))	Investment revaluation reserve (note (ii))	Translation reserve (note (iii))	Capital reserve (note (iv))	Other reserves (note (v))	Special reserve (note (vi))	Total	Retained profits	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 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 27(c))	–	–	–	–	–	–	–	–	(23,872)	(23,872)
Dividend in respect of the prior year (note 27(c))	–	–	–	–	–	–	–	–	(23,872)	(23,872)
Equity settled share-based transactions (note 27(e))	–	–	–	–	6,075	–	–	6,075	–	6,075
At 31 March 2014 and 1 April 2014	469,130	–	6,369	1,408	6,075	36,968	67,300	587,250	645,863	1,233,113
Profit for the year	–	–	–	–	–	–	–	–	113,414	113,414
Other comprehensive income	–	–	(7,128)	1,936	–	–	–	(5,192)	–	(5,192)
Total comprehensive income for the year	–	–	(7,128)	1,936	–	–	–	(5,192)	113,414	108,222
Dividend in respect of the prior year (note 27(c))	–	–	–	–	–	–	–	–	(152,783)	(152,783)
Equity settled share-based transactions (note 27(e))	–	–	–	–	8,100	–	–	8,100	–	8,100
Acquisition of additional interest in a subsidiary (note 30(a))	–	–	–	–	–	(2,012)	–	(2,012)	–	(2,012)
Deemed disposal of a subsidiary	–	–	759	(2)	–	(1,744)	–	(987)	–	(987)
Share of other reserves of an associate	–	–	–	–	–	15	–	15	–	15
Disposal of interest in an associate (note 15)	–	–	–	–	–	562	–	562	(562)	–
Transfer to statutory reserve	–	3,365	–	–	–	–	–	3,365	(3,365)	–
At 31 March 2015	469,130	3,365	–	3,342	14,175	33,789	67,300	591,101	602,567	1,193,668

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27 CAPITAL, RESERVES AND DIVIDEND (Continued)

(b) Reserves (Continued)

(ii) The Company

	Share premium $'000	Special reserve (note (vi)) $'000	Retained profits $'000	Total $'000
At 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 27(c))	–	–	(23,872)	(23,872)
Dividend in respect of the prior year (note 27(c))	–	–	(23,872)	(23,872)
At 31 March 2014 and 1 April 2014	**469,130**	**67,300**	**704,485**	**1,240,915**
Profit and other comprehensive income for the year	**–**	**–**	**75,651**	**75,651**
Dividend in respect of the prior year (note 27(c))	**–**	**–**	**(152,783)**	**(152,783)**
At 31 March 2015	**469,130**	**67,300**	**627,353**	**1,163,783**

Notes:

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

(ii) 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). During the year ended 31 March 2015, all the Group's available-for-sale investments were disposed of through disposal of a subsidiary (note 30(b)), and accordingly the investment revaluation reserve was released to retained profits through other comprehensive income.

(iii) 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).

(iv) The capital reserve represents the movement of fair value of unexercised share options granted by an indirect wholly-owned subsidiary of the Company to an independent third party in respect of the provision of the marketing and consultancy services (note 27(e)). The Group recognised equity share-based payments of $8,100,000 (2014: $6,075,000) in respect of these services for the year ended 31 March 2015.

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

(vi) 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 in proportion to their respective holding in Sundart. The acquisition of Sundart by the Company was accounted for as a group reorganisation involving interspersing the Company between the Vendors and Sundart. The consolidated financial statements are prepared as a continuation of Sundart and its subsidiaries. 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 at the date of the share swap.

27 CAPITAL, RESERVES AND DIVIDEND (Continued)

(c) Dividend

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

	2015 $'000	2014 $'000
Interim dividend declared of Nil cents per share (2014: 5 cents per share)	–	23,872
Final dividend declared and paid after the year of 5 cents per share (2014: 32 cents per share)	23,872	152,783
	23,872	176,655

The board of directors does not recommend the payment of an interim dividend for the year ended 31 March 2015.

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

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

	2015 $'000	2014 $'000
Final dividend in respect of the previous financial year of 32 cents per share (2014: 5 cents per share)	152,783	23,872

(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 balances. 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 24, bank deposits and cash disclosed in note 22 and equity attributable to the shareholders of the Company.

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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27 CAPITAL, RESERVES AND DIVIDEND (Continued)

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

On 27 June 2013, Q-Stone Buildings Materials Limited ("Q-Stone"), an indirect 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 assets 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 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

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 years ended 31 March 2015 and 31 March 2014.

The Group recognised expenses of $8,100,000 related to equity settled share-based payment transactions during the year ended 31 March 2015 (2014: $6,075,000).

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group's major financial instruments include available-for-sale investments, trade receivables, other receivables, deposits and prepayments, amount due from a joint venture, restricted cash and pledged deposits, bank deposits and cash, trade and other payables, amounts due to associates, 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 2015, 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 receivables, other receivables, deposits and prepayments and amount due from a joint venture 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 two (2014: one) customers of approximately $54,038,000 (2014: $79,103,000) located in the PRC, the Group does not have any other significant concentration of credit risk. The trade receivables due from the two (2014: one) customers of $29,487,000 (2014: $31,552,000) 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 2015, the Group has available unutilised banking facilities of approximately $465,249,000 (2014: $362,377,000).

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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28 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 2015								
Non-derivative financial liabilities								
Trade and other payables	N/A	41,111	–	–	–	–	41,111	41,111
Loans from non-controlling shareholders	N/A	52,256	–	–	–	–	52,256	52,256
Bank loans	4.14%	116,711	7,922	9,430	157,943	3,986	295,992	278,554
Amounts due to associates	N/A	17,729	–	–	–	–	17,729	17,729
		227,807	7,922	9,430	157,943	3,986	407,088	389,650
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

28 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 22 and 24. 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 (2014: 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 2015 would decrease/increase by approximately $724,000 (2014: $912,000) and finance costs capitalised in properties under development for sale would increase/decrease by approximately $492,000 (2014: $485,000).

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	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
USD against HKD	**93,290**	25,632	**27,636**	–
USD against RMB	**106**	19,500	**–**	972
HKD against RMB	**–**	1,550	**–**	–
Euro against HKD	**11**	12,157	**35,841**	111,908

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28 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% (2014: 5%) increase and decrease in USD against RMB, HKD against RMB and Euro against HKD. 5% (2014: 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% (2014: 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	
	2015	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Increase/(decrease) in post-tax profit	**4**	695	**–**	58	**(1,496)**	(4,165)

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.

The Group's unlisted available-for-sale investments were disposed of through disposal of a subsidiary during the year ended 31 March 2015 (note 30(b)). At 31 March 2014, the Group's unlisted available-for-sale investments were stated at fair value of $187,068,000 and were categorised as Level 3.

During the years ended 31 March 2015 and 31 March 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 of the fair value hierarchy classifications.

28 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	
	2015	2014
	$'000	$'000
Unlisted available-for-sale investments:		
At 1 April	**187,068**	253,526
Additions	**6,309**	71,087
Disposals	**(37,226)**	(27,984)
Disposal through disposal of interest in a subsidiary (note 30(b))	**(156,165)**	–
Deemed disposal (note 30(e))	**–**	(121,720)
Net unrealised gains recognised in other comprehensive income during the year	**–**	12,173
Exchange adjustments	**14**	(14)
At 31 March	**–**	187,068

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 investments 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 investments are not materially different from their fair values as at 31 March 2015 and 31 March 2014.

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29 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 $1,500 ($1,250 prior to 1 June 2014) or 5% of the relevant monthly payroll costs to the scheme, which contribution is matched by employees.

The employees of the subsidiaries operated in the PRC and Singapore are members of state-managed retirement benefit schemes operated respectively by the PRC and Singapore governments. Those subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit schemes 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 2015, the total costs charged to profit or loss and paid/payable to these plans by the Group, including both continuing operations and discontinued operations, are approximately $2,234,000 (2014: $2,487,000).

30 ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY AND DISPOSAL OF INTERESTS IN SUBSIDIARIES

Year ended 31 March 2015

(a) Acquisition of additional interest in a subsidiary

On 11 June 2014, Fast Global Holdings Limited ("Fast Global"), a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with Core Elements Holdings Limited ("Core Elements"), an independent third party, pursuant to which Fast Global agreed to acquire an additional 20% of the equity interests of Centuria Global Limited ("Centuria") and the shareholder's loan owing by Centuria to Core Elements at the consideration of $2,000,000 and $22,000,000 respectively (the "Centuria Acquisition"). Upon the completion of the Centuria Acquisition, Centuria became a wholly-owned subsidiary of the Group. The Centuria Acquisition was completed on 11 June 2014.

(b) Disposal of 30% interests in KLR Holdings

On 8 August 2014, Talent Step Investments Limited, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Good Grace Investments Limited, Borrison (B.V.I.) Limited, Coralland Limited, Water Ocean Limited and Mr. Roth (the "KLR Purchasers") in relation to the sale and purchase of 300,000 shares of KLR Holdings, representing 30% of the entire issued share capital of KLR Holdings, for a consideration of USD12,431,000 (equivalent to $96,584,000).

Upon the completion of the KLR Disposal, the Company's indirect interests in the issued share capital of KLR Holdings decreased from approximately 39.74% to approximately 9.74%. Accordingly, the Company will no longer be able to exercise control over the board of directors of KLR Holdings. The KLR Disposal was completed on 26 September 2014 and KLR Holdings (together with its subsidiaries) was deconsolidated from the Group's consolidated financial statements with effect from 26 September 2014. The remaining 9.74% equity interests of KLR Holdings was accounted for as interest in an associate in the consolidated financial statements under equity method of accounting.

The consideration shall be payable by the KLR Purchasers by way of seven instalments. The first instalment was payable upon the date of completion and the last instalment will be payable within 36 months from the date of completion. Interest on the outstanding amount of the sales consideration is charged at the rate of 2.75% per annum over 3-month HIBOR from the KLR Disposal completion date until the actual date of payment.

As at 31 March 2015, the KLR Purchasers had settled USD4,689,000 (equivalent to $36,412,000). The remaining amounts of the sales consideration and its accrued interest at the carrying amount of $60,401,000 have been included in other receivables, deposits and prepayments at 31 March 2015 (note 21(b)).

30 ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY AND DISPOSAL OF INTERESTS IN SUBSIDIARIES (Continued)

Year ended 31 March 2015 (Continued)

(b) Disposal of 30% interests in KLR Holdings (Continued)

Net assets of KLR Holdings as at the date of the KLR Disposal were as follows:

	At 26 September 2014 $'000
Assets:	
Fixed assets	887
Available-for-sale investments	156,165
Trade and other receivables	38,656
Amounts due from fellow subsidiaries	15,734
Bank deposits and cash	38,614
Total assets	250,056
Liabilities:	
Trade and other payables	(6,647)
Deferred tax liabilities	(6,245)
Total liabilities	(12,892)
Net assets	237,164
Non-controlling interests	(151,929)
Net assets disposed of	85,235
Fair value of consideration	96,857
Fair value of 9.74% equity interests of deemed acquisition of KLR Holdings	23,294
Net assets disposed of	(85,235)
Goodwill disposed of (note 18)	(27,934)
Release of translation reserve	83
Release of investment revaluation reserve	7,128
Gain on disposal of KLR Holdings	14,193

An analysis of net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2015 $'000
Net cash outflow on the KLR Disposal	
Consideration received in cash for the year	**36,412**
Less: Cash and cash equivalents disposed of	**(38,614)**
Net cash outflow on the KLR Disposal for the year	**(2,202)**

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30 ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY AND DISPOSAL OF INTERESTS IN SUBSIDIARIES (Continued)

Year ended 31 March 2015 (Continued)

(c) Disposal of 51% interests in Wing Lok Innovative Education Organization Corporation ("Wing Lok", together with its subsidiaries, the "WL Group")

On 31 July 2014, Vision Key Limited, a wholly-owned subsidiary of the Company, entered into an agreement to dispose of all its 51 % equity interests in Wing Lok to a non-controlling shareholder of Wing Lok (the "Wing Lok Purchaser") for a consideration of $15,000,000 (the "Wing Lok Disposal"). The transaction was completed on 31 July 2014.

The sales consideration is payable by the Wing Lok Purchaser in six equal instalments commencing from 31 July 2014 and at the end of every three months thereafter. Interest on the outstanding amount of the sales consideration is charged at 5% per annum from 31 July 2014 to the actual date of payment. Upon payment of the total consideration and interests in full by the Wing Lok Purchaser, certain advances to the WL Group by the Company amounting to $28,455,000 are to be waived by the Company.

As at 31 March 2015, the Wing Lok Purchaser settled $5,384,000. The remaining amounts of the sales consideration and its accrued interest, at the carrying amount of $10,168,000 are included in other receivables, deposits and prepayments at 31 March 2015 (note 21(b)).

Net liabilities of the WL Group as at the date of the Wing Lok Disposal were as follows:

	At 31 July 2014 $'000
Assets:	
Fixed assets	574
Other receivables	1,066
Bank deposits and cash	1,650
Total assets	3,290
Liabilities:	
Trade and other payables	(790)
Amount due to ultimate holding company	(28,455)
Total liabilities	(29,245)
Net liabilities	(25,955)
Non-controlling interests	12,718
Net liabilities disposed of	(13,237)
Fair value of consideration	15,399
Net liabilities disposed of	13,237
Release of translation reserve	(8)
Gain on disposal of the WL Group	28,628
Provision for impairment loss on other receivables – the advances to the WL Group	(28,455)
	173

30 ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY AND DISPOSAL OF INTERESTS IN SUBSIDIARIES (Continued)

Year ended 31 March 2015 (Continued)

(c) Disposal of 51% interests in Wing Lok Innovative Education Organization Corporation ("Wing Lok", together with its subsidiaries, the "WL Group") (Continued)

An analysis of net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2015 $'000
Net cash inflow on the Wing Lok Disposal	
Consideration received in cash for the year	5,384
Less: Cash and cash equivalents disposed of	(1,650)
Net cash inflow on the Wing Lok Disposal for the year	3,734

(d) Disposal of 100% interests in Century Winner Inc. ("CWI")

On 28 August 2014, Rykadan Inc., an indirect wholly-owned subsidiary of the Company, and Valour Power Limited, a company owned by Mr. Chan William, the Chairman, Chief Executive Officer and an Executive Director of the Company, entered into an agreement pursuant to which Rykadan Inc. has agreed to dispose of all its 100% equity interests in CWI and shareholder's loan owing by CWI to Rykadan Inc. at a consideration of USD60,000 (equivalent to $466,000) and USD6,118,000 (equivalent to $47,495,000) respectively. The transaction was completed on 28 August 2014.

Net liabilities of CWI as at the date of disposal were as follows:

	At 28 August 2014 $'000
Assets:	
Properties held for sale	46,626
Bank deposits and cash	803
Total assets	47,429
Liability:	
Amount due to immediate holding company	(47,495)
Net liabilities disposed of	(66)
Fair value of consideration	47,961
Repayment of amount due to immediate holding company	(47,495)
Net liabilities disposed of	66
Gain on disposal of CWI	532

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30 ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY AND DISPOSAL OF INTERESTS IN SUBSIDIARIES (Continued)

Year ended 31 March 2015 (Continued)

(d) Disposal of 100% interests in Century Winner Inc. ("CWI") (Continued)

An analysis of net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2015 $'000
Net cash inflow on disposal	
Consideration received in cash for the year	47,961
Less: Cash and cash equivalents disposed of	(803)
Net cash inflow on disposal for the year	47,158

Year ended 31 March 2014

(e) Acquisition of assets and liabilities through acquisition of a subsidiary

On 1 August 2012, Best Key Holdings 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 the share purchase agreement (the "SP Agreement") in relation to 70% equity interests in Power City Investments 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 interests in Bestlinkage (NHI) Co., Ltd ("Bestlinkage") and the remaining 24% equity interests 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 interests 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 (the "Buy-Out Completion") is not a condition of the completion of the Acquisition (the "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 the 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 interests 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 interests of Bestlinkage within seven months commencing from the date of the 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.

30 ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY AND DISPOSAL OF INTERESTS IN SUBSIDIARIES (Continued)

Year ended 31 March 2014 (Continued)

(e) 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 interests in Power City even if the Company chose not to exercise the Share Buyback Option in the case when the 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 recoverable on demand.

On 31 July 2013, the Buy-Out was completed through acquiring the remaining 24% equity interests 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, the 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:

	2014 $'000
Assets	
Investment property (note 12(a))	300,238
Bank deposits and cash	11,644
Other receivables and deposits	1,975
Total assets	313,857
Liabilities	
Trade and other payables	(18,517)
Bank loans	(82,974)
Amount due to an investor	(56,801)
Total liabilities	(158,292)
Net assets acquired	155,565
Cash consideration paid	33,845
Add: Deemed disposal of available-for-sale investments (note 28(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)
Net cash outflow from the Buy-Out Completion for the year	22,201

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31 COMMITMENTS

(a) At 31 March 2015, capital commitments outstanding and not provided for in the consolidated financial statements were as follows:

	The Group	
	2015	2014
	$'000	$'000
Authorised but not contracted for	**–**	82
Contracted for	**840**	6,589
	840	6,671

(b) At 31 March 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2015	2014
	$'000	$'000
Within 1 year	**1,857**	9,045
After 1 year but within 5 years	**–**	4,482
	1,857	13,527

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.

32 CONTINGENT LIABILITIES

At the end of the reporting period, the Company has issued guarantees to banks in respect of banking facilities granted to certain indirect wholly-owned subsidiaries of $529,054,000 (2014: $577,065,000). The banking facilities were utilised to the extent of $239,024,000 as at 31 March 2015 (2014: $332,593,000). 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.

33 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:

	2015 $'000	2014 $'000
Investment advisory fee expenses to Kailong Investment Management Limited (note (a)&(b))	711	–
Asset management expenses to Kailong REI Project Investment Consulting (Shanghai) Co., Ltd. (note (a)&(b))	709	–
Management fee expenses to Sundart International Supplies Limited (notes (b) & (c))	304	332
Management fee expenses to Sundart International Supplies Limited (note (c))	152	–
Construction cost certified to Kin Shing (Leung's) General Contractors Limited (notes (b) & (c))	–	99,790
Renovation cost paid/payable to Sundart Timber Products Company Limited (notes (b) & (c))	5,632	–
Interior design consultancy service fees to Steve Leung Designers Limited (note (c))	1,391	–
Management fee income from RS Hospitality Private Limited (note (d))	291	25
Technical service fee income from RS Hospitality Private Limited (note (d))	–	966
Consulting fee expenses to Fine Elite (note (e))	–	3,162

Notes:

(a) Kailong Investment Management Limited and Kailong REI Project Investment Consulting (Shanghai) Co., Ltd. were wholly-owned subsidiaries of KLR Holdings. The amounts represent the transactions entered between the Group and KLR Holdings after it becoming an associate of the Group during the year ended 31 March 2015.

(b) These entities are associates of the Group.

(c) These entities share a key management personnel with the Group.

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

(e) Fine Elite 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:

	2015 $'000	2014 $'000
Salaries and short-term benefits	39,091	66,753
Post-employment benefits	70	60
	39,161	66,813

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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34 COMPARATIVE FIGURES

As a result of the Group disposed of its asset, investment and fund management business and identified it as discontinued operations under HKFRS 5 as described in note 9, certain comparative consolidated results and the related notes have been re-presented so as to reflect the result of the continuing operations and discontinued operations.

35 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2015

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 2015 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 19, *Defined benefit plans: Employee contributions*	1 July 2014
Annual improvements to HKFRSs 2010-2012 cycle	1 July 2014
Annual improvements to HKFRSs 2011-2013 cycle	1 July 2014
Annual improvements to HKFRSs 2012-2014 cycle	1 January 2016
Amendments to HKFRS 11, *Accounting for acquisitions of interests in joint operations*	1 January 2016
Amendments to HKAS 16 and HKAS 38, *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016
HKFRS 15, *Revenue from contracts with customers*	1 January 2017
HKFRS 9, *Financial instruments*	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

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36 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 2015	2014	Principal activities
Wit Legend Investments Limited*	B.V.I.	Ordinary	USD100	65%	65%	Investment holding
Vital Success Development Limited*	Hong Kong	Ordinary	$1	65%	65%	Property development
Prime Talent Development Limited*	Hong Kong	Ordinary	$1	100%	100%	Property holding
Win Expo Enterprises Limited*	Hong Kong	Ordinary	$1	100%	100%	Property holding
KLR Hong Kong* (note (a))	Hong Kong	Ordinary	USD6,928,270	–	39.74%	Asset, investment and fund management
Rykadan Management Services Limited*	Hong Kong	Ordinary	$1	100%	100%	Provision of management service
Power City*	Hong Kong	Ordinary	$47,599,891	70%	70%	Investment holding
Keen Access Holdings Limited* (note (b))	Hong Kong	Ordinary	$1	100%	80%	Property development
Q-Stone*	Hong Kong	Ordinary	$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	RMB7,000,000	100%	100%	Trading of construction and interior decorative materials
格利來建材(深圳)有限公司*#	The PRC	Registered capital	RMB1,000,000	100%	100%	Trading of construction and interior decorative materials
Rykadan 001 LLC*	U.S.A.	Capital contribution	USD100	100%	–	Property holding
Rykadan 002 LLC*	U.S.A.	Capital contribution	USD100	100%	–	Property holding
Rykadan 003 LLC*	U.S.A.	Capital contribution	USD100	100%	–	Property holding
Rykadan 005 LLC*	U.S.A.	Capital contribution	USD100	100%	–	Property holding
Sigrid Holdings Limited*	B.V.I.	Ordinary	USD1	100%	100%	Property holding

* These entities are indirectly held by the Company.

These entities are a wholly foreign owned enterprises established in the PRC.

Notes:

(a) As at 31 March 2014, 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.

Upon the completion of the KLR Disposal (see note 30(b)), the Group is only able to exercise significant influence over KLR Hong Kong, a wholly-owned subsidiary of KLR Holdings, as at 31 March 2015. Further details are disclosed in note 15.

(b) Keen Access Holdings Limited is a subsidiary of Centuria. The Group acquired the remaining 20% equity interests of Centuria on 11 June 2014. Further details are disclosed in note 30(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				
	2011 HK$'000 (Note a)	2012 HK$000 (Note a)	2013 HK$'000 (Note a)	2014 HK$'000 (Re-presented)	**2015 HK$'000**
Revenue from continuing operations	1,362,278	81,673	156,422	2,116,234	**321,723**
Profit/(loss) for the year from continuing operations	N/A	(24,815)	(29,481)	702,882	**101,797**
Profit for the year from discontinued operations	N/A	134,380	168,964	49,384	**9,848**
Profit for the year	141,215	109,565	139,483	752,266	**111,645**
Profit/(loss) for the year attributable to:					
Equity shareholders of the Company	141,215	109,602	138,099	421,874	**113,414**
Non-controlling interests	–	(37)	1,384	330,392	**(1,769)**
	141,215	109,565	139,483	752,266	**111,645**

ASSETS AND LIABILITIES

	As at 31 March				
	2011 HK$'000	2012 HK$000	2013 HK$'000	2014 HK$'000	**2015 HK$'000**
Total assets	1,554,591	2,005,056	2,092,482	2,204,839	**1,666,871**
Total liabilities	693,260	1,046,382	1,082,324	773,297	**414,662**
	861,331	958,674	1,010,158	1,431,542	**1,252,209**
Equity attributable to shareholders of the Company	861,331	950,578	865,036	1,237,887	**1,198,442**
Non-controlling interests	–	8,096	145,122	193,655	**53,767**
	861,331	958,674	1,010,158	1,431,542	**1,252,209**

Note:

(a) The results for each of the years ended 31 March 2011 to 2013 have not been re-presented for the operations discontinued in 2015.