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

Annual Report 2013

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

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

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

Deloitte Touche Tohmatsu

LEGAL ADVISORS

Woo, Kwan, Lee & Lo
北京德恒（福州）律師事務所

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank
China Guangfa Bank Co., Ltd.

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1305, 13/F, Shun Tak Centre West Tower
200 Connaught Road Central
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
26/F Tesbury Centre
28 Queen's Road East
Hong Kong

STOCK CODE

2288

COMPANY'S WEBSITE

www.rykadan.com

INVESTOR RELATIONS CONTACT

College Hill
Room B, 21/F, Pico Tower
66 Gloucester Road
Wan Chai
Hong Kong

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


William Chan, Chairman and Chief Executive Officer

Dear shareholders,

I am delighted to present you the annual report for Rykadan Capital Limited ("Rykadan Capital" or "the Company", formerly known as "Sundart International Holdings Limited") and its subsidiaries (collectively the "Group") for the year ended 31 March 2013.

With the Group's reposition from a fitting-out business into an investment holding company completed in the first half of the year, our focus shifted to growing the value of our current investments and finding new opportunities.

Despite weak global economic growth, which in turn precipitated a slowdown in the People's Republic of China's ("PRC") economic growth, our earlier investments in real estate, asset management, education and building materials distribution continued to maintain momentum, with some already contributing to overall profit. Others are soon set to emerge from the investment stage.


Rykadan Capital Tower

Pre-sales for our first real-estate development project, Rykadan Capital Tower, proceeded much quicker than expected, as new stamp duties policy targeting Hong Kong residential properties pushed more buyers into the commercial real-estate sector.

In tandem with this success, we also successfully won our first tender to develop a boutique luxury residential property in Kowloon. Despite the higher stamp duties, we are confident that the property's proximity to the future high-speed rail terminal and central location will result in solid capital gain when the property is sold in a few years' time.

Looking forward, our continuing challenge will be to carefully identify high potential investments opportunities in the right sectors as the PRC economy shifts further towards consumer spending without a return to the lofty growth levels of previous years. Our investment strategy is continuing to grow asset values, achieve stable yields and exit within a three to five year horizon for reasonable capital gain.

To do this, we will continue to invest in our existing team, as well as leverage on highly-experienced business partners to identify unspotted growth opportunities in high potential region as they arise. We will also prudently evaluate our existing assets, with a view to exit some of our more mature investments in a timely manner to maximise capital gain for shareholders.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our shareholders and our management team for their invaluable support throughout this year of transformation. I would also like to thank our staff for their continued commitment to the Group.

We look towards to the coming years with optimism and ask for your continued support as we continue to create value and grow our business.

Chan William
Chairman and Chief Executive Officer

Hong Kong, 28 June 2013

Overview

During the year ended 31 March 2013, the Group disposed of a majority stake in its fitting-out business and is positioning itself into an investment holding company. Its investment strategy is to secure high potential investments with a view to grow asset values, achieve stable yields and exit within a three to five-year horizon.

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

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

Overall Performance

During the year ended 31 March 2013, the Group recorded consolidated revenue of HK$156 million from business segments under continuing operations (including property development, asset, investment and fund management and trading and distribution of interior decorative materials). Gross profit and gross profit margins for these segments was HK$42 million and 26.8% respectively.

The administrative expenses from continuing operations increased from HK$36 million to HK$71 million, which is contributed by the increase in legal and professional fees from the disposal of Sundart Holdings Limited ("Sundart Holdings") and the increase in administration expenses after acquisition of subsidiaries.

Profits from the Group's discontinued operations (including its fitting-out business) during the year were HK$169 million, including HK$25 million for the provision of fitting-out works in Hong Kong, Macau and the PRC, as well as a gain of HK$144 million for the disposal of the fitting-out business.

Revenues and profits from the Group's fitting-out operations up until the completion of the sales and purchase agreement on 26 June 2012 are treated as discontinued operations. Following 26 June 2012, the Group's share of profits from Sundart Holdings is treated as share of profit of associate.

Net profit for the year of the Group from continuing and discontinuing operations was HK$139 million. Basic earnings per share for continuing and discontinued operations were HK 28.9 cents. The Board proposed final dividend per share of HK 5 cents for the year.

Material Acquisitions and Disposals

In June 2012, the Group sold 85% of its fitting-out business to Beijing Jangho Curtain Wall Ltd. ("Beijing Jangho") for a total consideration of HK$493 million (for details, please refer to note 38(a) in the consolidated financial statements).

Utilising the proceeds from the above disposal, along with the unused proceeds from its IPO in 2009, the Group made a number of key investments during the year ended 31 March 2013.

- In July 2012, the Group increased its interest in Kailong REI Project Investment Consulting (Hong Kong) Co., Limited to 41.07% for a total consideration of HK$69.15 million, making it a subsidiary of the Group. The Group previously held an approximate 15.86% interest in the business (see 'Kailong REI Project Investment Consulting (Hong Kong) Co., Limited' in Summary and Review of Investments and note 36 in the consolidated financial statements).

- In August 2012, the Group entered into a joint-venture to take a 70% stake in Power City Investments Limited, which owns commercial buildings in a business park in Shanghai (equal to an effective 46.6% stake in the business), for a total consideration of HK$71.33 million (see 'Kailong Nanhui Business Park' in Summary and Review of Investments and note 37 in the consolidated financial statements).

- In September 2012, the Group took a 51% stake in Wing Lok Innovative Education Organization Corporation, an educational software developer, educational publication content provider and pre-school learning centre operator (see 'Wing Lok Innovative Education Organization Corporation' in Summary and Review of Investments).

- In December 2012, the Group won a tender to develop a land lot in Kowloon for residential/commercial purposes for a total consideration of HK$194 million (see 'Kwun Chung Street Property Project' in Summary and Review of Investments). The Group owns an 80% stake in the project.

Investment Portfolio

As at 31 March 2013, the Group had bank balances and cash of approximately HK$230 million, representing 11.0% of the Group's total assets.

The following table shows the Group's investments as at 31 March 2013.

Real estate investments

Investment	Location	Type	Group interest	Status as at 31/3/2013	Total gross floor area	Attributable gross floor area
Rykadan Capital Tower	The Remaining Portion of Kwun Tong Inland Lot No. 526	Commercial property	65%	Under construction, pre-sale stage completed	252,820 square feet	164,333 square feet
Kailong Nanhui Business Park	An industrial complex located at No. 2300 Xuanhuang Road, Huinan Country, Pudong New District, Shanghai, PRC	Commercial property	46.6%	Under refurbishment	52,304 square metre	24,374 square metre
Kwun Chung Street Property Project	Kowloon Inland Lot No. 11229	Residential/ commercial property	80%	Under construction	26,275 square feet	21,020 square feet

Venture capital investments

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

Other investments

Investment	Business/type
Kailong REI Project Investment Consulting (Hong Kong) Co., Limited	Asset, investment and fund management
Q-Stone Building Materials Limited	Distribution of stone composite surfaces products
Sundart Holdings Limited	Fitting-out contractor

Summary and Review of Investments

Rykadan Capital Tower

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

In November 2012, the Group retained two floors and pre-sold all available floors at Rykadan Capital Tower, for a total of approximately HK$1.95 billion. Construction is due to be completed by December 2013. The Group expects to recognise the gains from the sale in 2014.

Kailong Nanhui Business Park

Kailong Nanhui Business Park (formerly known as "Bestlinkage Business Park") is a 52,304 square metre high-end business park located in Shanghai under medium term lease and is the Group's first showcase property project in the PRC. The site consists of five high-quality buildings conveniently located near the Shanghai Pudong International Airport and Shanghai Harbour City. It offers future tenants preferential tax and subsidy policies due to its location in the Nanhui Industrial Zone of Shanghai.

The Group is currently in the process of refurbishing the site's buildings in order to attract quality businesses to set up base there. Upon completion, the site is expected to generate stable rental returns for the Group, with a view to off-load the buildings at a later stage.

As at 31 March 2013, around 2% of the park had been leased. The Group expects the occupancy rate to increase following the extension of the Shanghai Metro to the area. Up to the date of this annual report, around 6% of the park had been leased.

Kwun Chung Street Property Project

The Group plans to construct a 25-storey tower with a total gross floor area of approximately 26,275 square feet at its newly acquired property site on Kwun Chung Street in Kowloon's Jordan district. The planned building will primarily consist of boutique luxury apartments, with lower floors of approximately 3,590 square feet for commercial use. The Group plans to sell the entire building upon completion of the project and the construction is due to be completed in 2015.

Wing Lok Innovative Education Organization Corporation

Wing Lok Innovative Education Organization Corporation ("Wing Lok") is the Group's first venture capital investment. It is an educational software developer, educational publication content provider and pre-school learning centre operator.

While the business remains in the preliminary investment stage, it plans to launch a number of innovative projects in the coming year. Among these is its landmark 'App Learning' program, which is being currently rolled out to leading pre-schools in Hong Kong and Mainland China. The program uses tablet computers and a suite of 1,200 educational apps to encourage class, group and independent learning among pre-school students, both at home and in the classroom.

With the PRC's expanding middle class which fuels the growth of China's educational services sector, the Group believes Wing Lok offers significant growth potential in the middle-to-long term.

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

KLR Hong Kong is a leading player in the PRC's real estate investment, asset management and fund management market. It provides comprehensive asset management services for foreign and local property investors, as well as its own RMB real estate funds.

As at 31 March 2013, KLR Hong Kong held investments in, and provided asset management services for ten real estate projects in Beijing, Shanghai, Chengdu and Hong Kong. It also manages three real estate funds in Tianjin and Suzhou with total capital of RMB1.0 billion and has plans to invest in around RMB1.5 billion worth of property.

During the year, KLR Hong Kong has granted share options to its senior management to purchase shares of KLR Hong Kong at the price of US$5.00 per share as an incentive for the senior management. The share options were exercised during the year. The effective equity interest of KLR Hong Kong held by the Company has dropped to 39.74% as of the exercise date of the share options.

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 and Spain, its products are popularly used for benchtops, bathroom surfaces and floor tiles and has been used by a number of prominent commercial buildings in the PRC and Hong Kong.

Up to the date of this annual report, the Company has around HK$67 million contract sum which is to be completed in the coming years.

Sundart Holdings Limited

As a leading fitting-out contractor in Hong Kong and Macau, Sundart Holdings has continued to win new projects throughout the year, while further been expanding in the PRC market by leveraging on the well-established connections of its new majority owner, Beijing Jangho.

Outlook

The Group remains confident in the future prospects of its investments, despite the slowing economic growth rates in the PRC and continued government-led measures to cool down the property market in Hong Kong and the PRC. It will also continue to leverage on the strong experience of its management team and its business partners to deliver sustainable yields and reasonable capital gains to its shareholders.

The Group will also continue to explore additional investment opportunities in different potential regions and countries to support its future performance, while also to materialise some its mature investments in a timely matter to unlock value.

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and Financial Resources

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

As at 31 March 2013, the Group's total debt (representing total interest-bearing borrowings) to total assets ratio was 19.2% (2012: 28.0%). The gearing ratio (net debt to equity attributable to owners of the Company) was 19.8% (2012: 20.1%) as the Group has net debt (total debt less bank balances and cash) of HK$171 million as at 31 March 2013 (2012: net debt of HK$191 million).

The bank borrowings of the Group were mainly to finance Rykadan Capital Tower and Kwun Chung Street Property Project. Borrowings of HK$387 million were secured by the properties under development of which HK$304 million will be repayable in 2013 and the remaining upon the sale of the projects. Further costs for developing the Rykadan Capital Tower and Kwun Chung Street Property Project will be financed by unutilised bank facilities or deposit received from customers held as restricted bank balances designated for the projects.

The liquidity of the Group remains strong and healthy. As at 31 March 2013, the Group's current assets and current liabilities were HK$1,713 million (2012: HK$1,914 million) and HK$967 million (2012: HK$450 million) respectively. The Group's current ratio decreased to 1.8 (2012: 4.3). 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 2013, the Group had pledged properties under development for sale to secure the term loan facility granted to the Group. The aggregate carrying value of the pledged assets was HK$1,171 million (2012: HK$781 million).

Contingent Liabilities and Capital Commitments

For contingent liabilities and capital commitments, please refer to notes 35 and 41 to the consolidated financial statements respectively.

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

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

The Group operates in various regions with different foreign currencies including Euro, United States Dollars and Renminbi. The exchange rates for the foresaid currencies are relatively stable.

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

Credit Exposure

The Group has adopted prudent credit policies to deal with credit exposure. In connection with projects in progress in Hong Kong, Macau, the PRC or overseas, the Group's major customers are institutional organisations and reputable property developers. Therefore, the Group is not exposed to significant credit risk.

Even though there is no significant credit risk exposure and there are no overdue trade receivables written-off during the year, 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 to 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 2013, the Group had 107 full-time employees (2012: 1,232 full-time employees). The Group offers an attractive remuneration policy and provides external training programmes which are complementary to certain job functions. Total remuneration for employees (including the directors' remuneration) was HK$90 million for the year (2012: HK$164 million). The decrease in total remuneration of the employees was mainly due to the decrease in the number of staff after the disposal of Sundart Holdings.

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 March 2013.

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 2013, save for the deviations for code provision 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 the CG Manual periodically 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 comprises the following directors:

Executive directors:

Mr. CHAN William
(Chairman of the Board and the Nomination Committee, and Chief Executive Officer)
Mr. NG Tak Kwan
Mr. YIP Chun Kwok
(Chief Financial Officer)
Mr. LEUNG Kai Ming
(Resigned on 1 July 2012)

Non-executive director:

Mr. WONG Kim Hung, Patrick
(Resigned on 1 July 2012)

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 16 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 non-executive directors and the independent non-executive directors are expressly identified in all corporate communications pursuant to the Listing Rules.

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended 31 March 2013, 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 2013, 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 are independent.

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Chan William ("Mr. Chan") has been appointed as Chief Executive Officer of the Company on 1 July 2012 and is now both the Chairman and the Chief Executive Officer of the Company, and that the functions of the Chairman and the Chief Executive Officer in the Company's strategic planning and development process overlap. These constitute a deviation from code provision A.2.1 of the CG Code which stipulates that the roles of the Chairman and the Chief Executive should be separate and should not be performed by the same individual. However, in view of the present composition of the Board, the in-depth knowledge of Mr. Chan of the operations of the Group and of the property development and real estate/asset management business in Hong Kong and the PRC, his extensive business network and the scope of operations of the Group, the Board believes it is in the best interests of the Company for Mr. Chan to assume the roles of Chairman and Chief Executive Officer at 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 executive director) or letter of appointment (for independent non-executive director) for a term of 3 years and is subject to retirement by rotation once every three years.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

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

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

During the year ended 31 March 2013, relevant reading materials including legal and regulatory update have been provided to all directors for their reference and studying.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITY

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

BOARD AND COMMITTEE MEETINGS

Board Practices and Conduct of Meetings

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

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions of the directors, senior management and relevant employees (who, because of their office or employment, is likely to possess inside information in relation to the Company or its securities) of the Group (the "Securities Code") with terms no less exacting than that of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Having made specific enquiries, all of the directors and relevant employees of the Group confirmed that they have complied with the Securities Code and the Model Code throughout the year ended 31 March 2013.

BOARD COMMITTEES

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

Remuneration Committee

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

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

No meeting had been held by the Remuneration Committee during the year ended 31 March 2013. However the Remuneration Committee had recorded their decisions by passing written resolutions which includes: (i) making recommendation to the Board on the Company's policy and structure for the remuneration of all directors and senior management; (ii) determining the remuneration packages of the executive directors and senior management; and (iii) making recommendation to the Board on the remuneration of the independent non-executive directors.

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.

No meeting had been held by the Nomination Committee during the year ended 31 March 2013.

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 auditor.

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 auditor 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 2013. The Audit Committee has performed the following work during the year: (i) to discuss the financial reporting and compliance procedures with the external auditor; (ii) to review the audited annual results for the year ended 31 March 2012 and unaudited interim results for the half year ended 30 September 2012; and (iii) to consider the re-appointment of auditor.

The Company's annual results for the year ended 31 March 2013 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 2013, 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 ten Board meetings held during the year ended 31 March 2013, two of which were regular meetings held for approving the final results for the year ended 31 March 2012 and the interim results for the period ended 30 September 2012. 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 2013 is as follows:–

	Attendance/Number of Meetings held during the tenure of directorship				
Name of Directors	Board Regular	Board Other	Audit Committee	Annual General Meeting	Extraordinary General Meeting
Executive Directors					
Chan William	2/2	8/8	N/A	1/1	2/2
Ng Tak Kwan	2/2	8/8	N/A	0/1	0/2
Yip Chun Kwok	2/2	8/8	N/A	1/1	2/2
Leung Kai Ming (resigned on 1 July 2012)	1/1	3/3	N/A	N/A	0/1
Non-Executive Directors					
Wong Kim Hung, Patrick (resigned on 1 July 2012)	1/1	3/3	N/A	N/A	0/1
Independent Non-Executive Directors					
To King Yan, Adam	2/2	8/8	2/2	0/1	0/2
Wong Hoi Ki	2/2	8/8	2/2	0/1	0/2
Ho Kwok Wah, George	2/2	8/8	2/2	1/1	1/2

Under code provision A.6.7 of the CG Code, the independent non-executive directors should attend general meetings of the Company. Mr. Ho Kwok Wah, George was absent from the extraordinary general meeting ("EGM") held on 31 August 2012 and Mr. To King Yan, Adam and Mr. Wong Hoi Ki were absent from the last annual general meeting held on 31 July 2012 and EGMs held on 20 June 2012 and 31 August 2012 respectively 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 2013.

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 auditor of the Company about their reporting responsibilities for the financial statements is set out in the section headed "Independent Auditor's Report" on page 28.

AUDITOR'S REMUNERATION

The remuneration charged by the Company's external auditor, Messrs. Deloitte Touche Tohmatsu, in respect of audit services and non-audit services for the year ended 31 March 2013 is set out below:–

Category of Services	Fee Paid/Accrued (HK$)
Audit Service	1,350,000
Non-audit Services	
– Professional fee for Circular for very substantial disposal	1,019,500
– Professional fee for Circular for major transaction	986,800
– Tax services fee	11,000
TOTAL	3,367,300

INTERNAL CONTROLS

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

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 2013, there is no change in the Company's articles of association.

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

SHAREHOLDER RIGHTS

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

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

Convening an Extraordinary General Meeting by Shareholders

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

Putting Forward Proposals at General Meetings

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

Putting Forward Enquiries to the Board

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

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

Contact Details

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

Address: Room 1305, 13/F, Shun Tak Centre West Tower,
200 Connaught Road Central, Hong Kong
(For the attention of the Chairman of the Board / Chief Executive Officer / Company Secretary)
Fax: (852) 2547 0108

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

SOCIAL RESPONSIBILITIES

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

The Company showed its support to those in need by participating in various donation and contribution campaigns. It responded to the emergency appeal of Oxfam Hong Kong in fund raising for Sichuan Province Ya'an Earthquake disaster. Apart from the pecuniary donation, both management and staff, together with their family members, always demonstrate full support to the community. In addition, the Company is planning to partner with social welfare organisations in visiting elderly, kids during special Festivals.

Executive Directors

Mr. Chan William (陳偉倫先生), aged 38, is an executive Director, the Chief Executive Officer and the Chairman of the Company. Mr. Chan also serves as the Chairman of the nomination committee. Mr. Chan joined the Group in 2008. He is primarily responsible for overall strategies, planning, business development and implementation of the strategies of the Group. He also holds other directorships in the Company's subsidiaries. Mr. Chan graduated from the University of La Verne, California of the United States with a Bachelor of Business Administration degree in 2000 and a Master of Business Administration degree in 2002. He was a director of the Tung Wah Group of Hospitals (2003/2004), a director of Yan Chai Hospital (35th Term Board of Directors (2002/2003)) and a committee member of the Central and Sai Ying Poon Area Committee of Home Affairs Department of Hong Kong Government for the two years ended 31 March 2006. Mr. 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 59, is an 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 39, 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 55, 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 Taxation Institute of Hong Kong, the Hong Kong Commerce and Industry Associations Limited and the Hong Kong Shatin Industries and Commerce Association Limited. From 2001 to 2003, Mr. Ho was the president of the Hong Kong Institute of Accredited Accounting Technicians. Mr. Ho is currently an independent non-executive director of each of Town Health International Investments Limited (formerly known as Town Health International Holdings Company Limited) and Belle International Holdings Limited, the securities of which are listed on the main board of the Stock Exchange.

Mr. To King Yan, Adam (杜景仁先生), aged 53, 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 59, 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 the 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 30, 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. 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 30, 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 2013.

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 45 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2013 are set out in the consolidated statement of comprehensive income on pages 29 to 30.

An interim dividend of HK 5 cents per share and special dividend of HK 35 cents amounting to HK$190,979,000 in total were paid to the shareholders during the year. The Directors now recommend the payment of a final dividend of HK 5 cents per share to the shareholders whose names appear on the register of members of the Company on 12 November 2013, amounting to approximately HK$23,872,000.

USE OF NET PROCEEDS RECEIVED FROM THE LISTING

Up to 31 March 2013, the Company has fully utilized the net proceeds received from the listing in manner consistent with that mentioned in the Prospectus under the section headed "Use of Proceeds", the Company's announcement dated 31 August 2011 on "Change of Use of Proceeds" and the Company's circular dated 1 June 2012 on "Change of Use of Proceeds from Global Offering".

FINANCIAL SUMMARY

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

An analysis of the Group's results by segment for the year is set out in note 8 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 17 to the consolidated financial statements.

BANK BORROWINGS

Details of bank borrowings are set out in note 31 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 34 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2013 comprised:

	HK$'000
Share premium	469,130
Accumulated profits	261,299
	730,429

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 on pages 33 to 34.

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)*
Mr. LEUNG Kai Ming (Resigned on 1 July 2012)

Non-executive Directors
Mr. WONG Kim Hung, Patrick (Resigned on 1 July 2012)

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

Note: Mr. Chan William and Mr. Wong Hoi Ki shall retire, and being eligible, offer themselves for re-election at the forthcoming 2013 annual general meeting ("AGM") pursuant to the Company's articles of association.

Information regarding directors' emoluments is set out in note 11 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 an annual 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 2013, the interests and short positions of the directors and chief executives of the Company and their associates 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
			194,208,000	40.68
NG Tak Kwan	Long	Beneficial owner	84,000,000	17.59

Notes:

1. Mr. Chan, as the sole beneficial owner of Tiger Crown Limited, is deemed to be interested in the shares of the Company owned by Tiger Crown Limited.

2. Since Tiger Crown Limited, Scenemay Holdings Limited, Mr. Chan, Li Chu Kwan and Li Wing Yin are regarded as a group of controlling 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, Mr. Chan is also deemed to be interested in the 97,104,000 shares of the Company owned by Scenemay Holdings Limited.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2013, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed 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
Tiger Crown Limited (1)	Long	Beneficial owner	97,104,000	20.34
	Long	Other interest (2)	97,104,000	20.34
			194,208,000	40.68
Scenemay Holdings Limited	Long	Beneficial owner	97,104,000	20.34
	Long	Other interest (2)	97,104,000	20.34
			194,208,000	40.68
LI Chu Kwan	Long	Interest in a controlled corporation (3)	97,104,000	20.34
	Long	Other interest (2)	97,104,000	20.34
			194,208,000	40.68
LI Wing Yin	Long	Interest in a controlled corporation (3)	97,104,000	20.34
	Long	Other interest (2)	97,104,000	20.34
			194,208,000	40.68
LEUNG Kai Ming	Long	Beneficial owner	42,037,000	8.80

Notes:

1. Tiger Crown Limited is a controlled corporation of Mr. Chan and so Mr. Chan is deemed to be interested in the shares of the Company owned by Tiger Crown Limited.

2. Since Tiger Crown Limited, Scenemay Holdings Limited, Mr. Chan, Li Chu Kwan and Li Wing Yin are regarded as a group of controlling 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.

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 been 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 2013, 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, the Company has not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of rule 14A.45 or 14A.46 of the Listing Rules.

(A) Connected Transaction

Acquisition of further interests in Kailong REI Project Investment Consulting (Hong Kong) Co., Limited ("KLR Hong Kong")

On 11 July 2012, Talent Step Investments Limited ("Talent Step"), an indirect wholly-owned subsidiary of the Company, entered into:

(i) a restructuring agreement (the "Restructuring Agreement") with Good Grace Investments Limited ("Good Grace"), Borrison (B.V.I.) Limited ("Borrison") and Kailong REI Holdings Limited ("KLR Holdings") in respect of the restructuring of KLR Holdings and the restructuring of KLR Hong Kong;

(ii) a subscription agreement (the "Subscription Agreement") with Good Grace, Borrison, Mr. Cheng Hei Ming ("Mr Cheng"), Mr. Ho Chun Tung Ivan ("Mr. Ivan Ho"), Mr. Stephen Anthony Roth ("Mr. Roth"), PAG Real Estate Limited ("PAG") and KLR Hong Kong, in relation to the subscription of shares in the capital of KLR Hong Kong (the "KLR Hong Kong Shares"); and

(iii) a shareholders' deed (the "Shareholders' Deed") with Good Grace, Borrison, Mr. Roth, Secured Capital Investment Management Co. Ltd. ("SCIM"), PAG, Mr. Cheng, Mr. Ivan Ho, Ms. Woo Wai Yu, Mr. Geng Ho (collectively, the "Other KLR Hong Kong Shareholders"), Talent Step and KLR Hong Kong in respect of the matters relating to, among others, the management of KLR Hong Kong.

In relation to the restructuring of KLR Holdings, Talent Step acquired from Good Grace shares representing approximately 22.83% of KLR Holdings' issued share capital and a portion of the loan owed by KLR Holdings to Good Grace in the amount of US$374,000 for a cash consideration of US$3,149,000; Good Grace acquired from Borrison shares representing approximately 3.35% of KLR Holdings' issued share capital and a portion of the loan owed by KLR Holdings to Borrison in the amount of US$55,000 for a cash consideration of US$212,000; and KLR Holdings repaid Talent Step an aggregate amount of US$1,156,000 (representing the aggregate amount advanced by Talent Step to KLR Holdings pending the loans to be advanced by Good Grace and Borrison as hereinbelow mentioned) by applying the loans advanced to it by Good Grace and Borrison in the amounts of US$947,000 and US$209,000, respectively.

In relation to the restructuring of KLR Hong Kong, KLR Holdings assigned and distributed KLR Hong Kong Shares representing approximately 38.01%, 27.96% and 6.86% of KLR Hong Kong's issued share capital before the subscription of KLR Hong Kong Shares mentioned below (or approximately 18.37%, 13.51% and 3.32% of KLR Hong Kong's issued share capital immediately after the subscription of KLR Hong Kong Shares mentioned below) to Talent Step, Good Grace and Borrison respectively in consideration of Talent Step, Good Grace and Borrison waiving and discharging the whole outstanding amount owing by KLR Holdings to them in the amount of US$854,000, US$628,000 and US$154,000 respectively.

In relation to the subscription of KLR Hong Kong Shares, Talent Step, Good Grace, Borrison, Mr. Cheng, Mr. Ivan Ho, Mr. Roth, PAG subscribed for KLR Hong Kong Shares representing approximately 22.70%, 16.70%, 4.10%, 5.59%, 0.77%, 0.30% and 1.52% of the issued share capital of KLR Hong Kong immediately after such subscription respectively at a cash subscription price of US$17.32 per KLR Hong Kong Share. The consideration paid by Talent Step under the Subscription Agreement amounted to US$5,271,000.

Following the completion of the above transactions, the Company's indirect interest in the issued share capital of KLR Hong Kong increased from approximately 21.38% to 41.07% on 30 July 2012.

Pursuant to the Shareholders' Deed, the Company is able to exercise control over the board of directors of KLR Hong Kong, which is responsible for making major decisions relating to the financing and operations of KLR Hong Kong. Accordingly, KLR Hong Kong has been accounted for as a subsidiary of the Company since 30 July 2012.

Since Borrison, a substantial shareholder of KLR Holdings, is an associate of Mr. Ivan Ho who is a director of Wit Legend Investments Limited ("Wit Legend"), a subsidiary of the Company, the entering into of the Restructuring Agreement constitutes a connected transaction of the Company pursuant to Rule 14A.13(1)(b)(i) of the Listing Rules. SCJREP IV Cayman E, Ltd. ("SCJREP") is a substantial shareholder of Wit Legend and its general partner, SCIM, is wholly-owned by PAG, each of SCIM and PAG is regarded as an associate of SCJREP. and thus a connected person of the Company.

Formation of joint venture – Kailong CI Jinli Asia Limited ("CI Jinli")

On 12 December 2012, CI Jinli, an indirect non wholly-owned subsidiary of the Company, and Scott Light Limited ("Scott Light") entered into a subscription agreement ("CI Jinli Subscription Agreement") pursuant to which Scott Light agreed to subscribe for 38 shares in CI Jinli at the subscription amount of US$38. Following the completion of such subscriptions, CI Jinli has become owned as to 2.56% by KLR Hong Kong and 97.44% by Scott Light.

Immediately following the issue and allotment of shares in CI Jinli to Scott Light pursuant to the CI Jinli Subscription Agreement, on 12 December 2012, KLR Hong Kong, Scott Light, and CI Jinli entered into a shareholders agreement ("CI Jinli Shareholders Agreement") setting out, among others, the manner of management of CI Jinli. Pursuant to the CI Jinli Shareholders Agreement, the sole business of CI Jinli is to indirectly invest in a 12-storey office tower located in Shanghai, the PRC (the "Property") through the holding of shareholding interests in 金禮置業(上海)有限公司 ("West Tower JV"), through California Rose (as defined below) and its wholly-owned subsidiary, Double Wings Limited ("Double Wings"); and KLR Hong Kong and Scott Light shall, among others, arrange financing of US$21,959 and US$834,442 respectively to CI Jinli.

As Scott Light is a company controlled by Mr. Cheng (a shareholder and director of KLR Hong Kong and thus a connected person of the Company) together with CREP Employee Investment Company Limited (a company wholly-owned by Mr. Cheng) as to more than 30%, Scott Light is an associate of Mr. Cheng and thus a connected person of the Company. Accordingly, the entering into of each of the CI Jinli Subscription Agreement and the CI Jinli Shareholders Agreement and the transactions contemplated thereunder constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

Formation of joint venture – California Rose Limited ("California Rose")

On 12 December 2012, KLR Hong Kong, CI Jinli, an independent third party ("JV Partner") and California Rose entered into a subscription agreement ("CR Subscription Agreement") pursuant to which KLR Hong Kong, CI Jinli and the JV Partner agreed to subscribe for 55 shares, 39 shares and 905 shares in California Rose at the subscription amounts of US$55, US$39 and US$905 respectively. Following the completion of such subscriptions, California Rose has become owned as to 5.6% by KLR Hong Kong, 3.9% by CI Jinli and 90.5% by the JV Partner.

Simultaneously with the entering into of the CR Subscription Agreement, on 12 December 2012, KLR Hong Kong, CI Jinli, the JV Partner and California Rose entered into a shareholders agreement ("CR Shareholders Agreement") setting out, among others, the manner of management of California Rose. Pursuant to the CR Shareholders Agreement, the sole business of California Rose is to indirectly invest in the Property through the holding of shareholding interests in West Tower JV, through Double Wings; and KLR Hong Kong, CI Jinli and the JV Partner shall, among others, arrange financing of US$1,229,704, US$856,401 and US$19,872,895 respectively to California Rose.

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

Formation of joint venture – Kailong CI Jinli Limited ("HK Jinli")

On 12 December 2012, HK Jinli, an indirect non wholly-owned subsidiary of the Company, Kailong REI Partners I (HK) Limited ("KLR Partners I"), an indirect non wholly-owned subsidiary of the Company and Gold Pick Limited ("Gold Pick") entered into a subscription agreement ("HK Jinli Subscription Agreement") pursuant to which Gold Pick agreed to subscribe for 1 share of HK$1 in HK Jinli at the subscription amount of HK$1. Upon completion of such subscription, HK Jinli has become owned as to 50% by KLR Partners I and 50% by Gold Pick.

Immediately after completion of the HK Jinli Subscription Agreement, KLR Partners I, Gold Pick and HK Jinli entered into a shareholders agreement ("HK Jinli Shareholders Agreement") setting out, among others, the manner of management of HK Jinli. Pursuant to the HK Jinli Shareholders Agreement, the sole business of HK Jinli is the investment holding of 凱龍殷實金禮（深圳）有限公司 (Kailong Yinshi Jinli (Shenzhen) Co., Ltd.), whose sole business is the provision of investment advisory services in respect of the Property to the JV Partner pursuant to an investment advisory agreement.

As Gold Pick is a company in which Mr. Cheng (a shareholder and director of KLR Hong Kong and thus a connected person of the Company) together with CREP Employee Investment Company Limited (a company wholly-owned by Mr. Cheng) own more than 30%, Gold Pick is an associate of Mr. Cheng and thus a connected person of the Company. Accordingly, the entering into of each of the HK Jinli Subscription Agreement and the HK Jinli Shareholders Agreement and the transactions contemplated thereunder constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. Mr. Geng Hao, Ms. Woo Wai Yu and Mr. Ho Chung Wah (all being directors of a subsidiary of KLR Hong Kong and Mr. Geng and Ms. Woo are also shareholders of KLR Hong Kong) are also substantial shareholders of Gold Pick and Scott Light.

(B) Continuing Connected Transactions

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

Since (i) SCJREP is a substantial shareholder of 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 service agreement with Lucky View has, since 30 July 2012, the date on which KLR Hong Kong became a subsidiary of the Company, become continuing connected transactions of the Company.

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

On 1 July 2011, KLR Hong Kong entered into a service agreement with SCJREP, under which KLR Hong Kong shall provide various services in respect of the real estate located at Kwun Tong Inland Lot no. 526 (the "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; and

(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 2013, the actual amount paid by SCJREP to the Group for the services rendered was 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 gross proceeds received by Vital Success, Wit Legend or SCJREP with respect to a disposition of the Asset minus any broker fees, disposition fee(s) paid to KLR Hong Kong, and other transaction costs incurred in connection therewith, 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 2013, the actual amount paid by the Group to Lucky View for the consulting services rendered was HK$763,000.

Pursuant to rule 14A.37 of the Listing Rules, the above continuing connected transactions have been reviewed by the independent non-executive Directors of the Company, all of whom have confirmed that these continuing connected transactions carried out during the year ended 31 March 2013 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 continuing connected transactions prior to KLR Hong Kong becoming a subsidiary of the Company. As a result, no maximum aggregate annual value has been established for these continuing connected transactions. Therefore, in its confirmation letter provided for the purpose of Rule 14A.38 of the Listing Rules, the Company's auditor has only confirmed that such continuing connected transactions carried out during the year ended 31 March 2013 were approved by the Board of Company and in accordance with the relevant agreements governing these continuing connected transactions.

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 44 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 44 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

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

EMOLUMENT POLICY

The emolument policy of the employees of the Group was set up by the Remuneration Committee. The emolument of the Directors are determined by the Remuneration Committee with reference to the Company's operating results, individual performance and comparable market trend.

RETIREMENT BENEFIT SCHEME

With effect from 1 December 2000, the Group has joined a mandatory provident fund scheme ("MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to MPF Scheme is to make the required contributions under the scheme. During the year, the Group made contribution to the MPF Scheme amounting to approximately HK$0.8 million. No forfeited contribution under this scheme is available to reduce the contribution payable in future years.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

CHARITABLE DONATIONS

No charitable donations were made by the Group during the year (2012: HK$35,000).

MAJOR CUSTOMERS, SUBCONTRACTORS AND SUPPLIERS

For the year, the five largest customers of the Group accounted for 32.6% of the Group's total revenue and total revenue from the largest customer included therein accounted for 7.5%. The aggregate purchases attributable to the five largest suppliers of the Group during the year was less than 30% of the total purchases of the Group.

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

During the year, the Company had followed the principles and complied with all applicable 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 deviations from code provisions A.1.1, A.2.1 and A.6.7 of the CG Code, details of which are set out in the section headed "Corporate Governance Report" on pages 9 to 15.

EVENT AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 47 to the consolidated financial statements.

AUDITOR

The consolidated financial statements have been audited by Messrs. Deloitte Touche Tohmatsu ("Deloitte"), who will retire and, being eligible, offer themselves for re-appointment at the Company's forthcoming AGM.

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

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

Hong Kong, 28 June 2013

Deloitte.
德勤

TO THE MEMBERS OF RYKADAN CAPITAL LIMITED
宏基資本有限公司
(FORMERLY KNOWN AS SUNDART INTERNATIONAL HOLDINGS LIMITED
承達國際控股有限公司)
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Rykadan Capital Limited (formerly known as Sundart International Holdings Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 29 to 95, which comprise the consolidated statement of financial position as at 31 March 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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 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 and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, 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 judgment, 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 consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2013 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 June 2013

For the year ended 31 March 2013

	NOTES	2013 HK$'000	2012 HK$'000 (restated)
Continuing operations			
Revenue	7	156,422	81,673
Cost of sales and services		(114,448)	(67,090)
Gross profit		41,974	14,583
Other income, other gains and losses	9	5,519	3,895
Selling expenses		(4,346)	(6,583)
Administrative expenses		(71,297)	(35,899)
Other expenses		(7,432)	(1,843)
Share of profit of associates		10,593	2,320
Finance costs	10	(711)	–
Loss before taxation		(25,700)	(23,527)
Income tax expense	12	(3,781)	(1,288)
Loss for the year from continuing operations	13	(29,481)	(24,815)
Discontinued operations			
Profit for the year from discontinued operations	14	168,964	134,380
Profit for the year		139,483	109,565
Other comprehensive (expense) income			
Exchange differences arising on translation of foreign operations		(697)	4,705
Reclassification of translation reserve to profit or loss upon disposal of subsidiaries		(11,753)	6
Reclassification of translation reserve to profit or loss upon deemed disposal of an associate		(895)	–
Fair value gain on available-for-sale investments		48,022	–
Reclassification to profit or loss upon disposal of available-for-sale investment		(3,151)	–
Share of translation reserve of an associate		724	234
Gain on revaluation of property upon transfer to investment property		–	1,720
Deferred taxation arising on revaluation of property upon transfer to investment property		–	(478)
Deferred taxation arising on fair value gain on available-for-sale investments		(13,070)	–
Other comprehensive income for the year		19,180	6,187
Total comprehensive income for the year		158,663	115,752

For the year ended 31 March 2013

	NOTES	2013 HK$'000	2012 HK$'000 (restated)
Profit for the year attributable to:			
Owners of the Company			
– Loss for the year from continuing operations		**(30,865)**	(24,778)
– Profit for the year from discontinued operations		**168,964**	134,380
		138,099	109,602
Non-controlling interests			
– Profit (loss) for the year from continuing operations		**1,384**	(37)
		139,483	109,565
Total comprehensive (expense) income attributable to:			
Owners of the Company			
– from continuing operations		**(16,348)**	(24,544)
– from discontinued operations		**153,397**	140,333
		137,049	115,789
Non-controlling interests			
– from continuing operations		**21,614**	(37)
		158,663	115,752
Earnings (loss) per share			
From continuing and discontinued operations			
Basic (HK cents)	*16*	**28.9**	22.9
From continuing operations			
Basic (HK cents)	*16*	**(6.5)**	(5.2)

Consolidated Statement of Financial Position

At 31 March 2013

	NOTES	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	17	**4,663**	27,787
Investment property	18	**–**	6,785
Goodwill	19	**27,934**	1,510
Other intangible assets	20	**–**	15,976
Interest in an associate	21	**79,453**	23,601
Other deposits and receivables	26	**14,340**	–
Available-for-sale investments	22	**253,526**	15,611
		379,916	91,270
Current assets			
Properties under development for sale	23	**1,171,091**	781,355
Inventories	24	**12,745**	35,901
Amount due from a related company	25	**–**	2,100
Trade and other receivables	26	**82,793**	210,299
Bills receivable	26	**–**	1,508
Amount due from an associate	26	**2,817**	–
Amount due from an investee	26	**35,571**	–
Amounts due from customers for contract work	27	**–**	379,385
Retentions receivable	26	**–**	129,002
Tax recoverable		**833**	3,465
Restricted bank balances	28	**176,683**	–
Bank balances and cash	29	**230,033**	370,771
		1,712,566	1,913,786
Current liabilities			
Trade and other payables	30	**61,505**	346,813
Bills payable	30	**7,805**	–
Deposits received from sale of properties under development	30	**388,081**	–
Amount due to an associate	30	**47,609**	–
Amounts due to customers for contract work	27	**–**	13,768
Loans from non-controlling shareholders	32	**154,779**	–
Tax payable		**3,511**	25,064
Bank borrowings	31	**304,125**	63,880
		967,415	449,525
Net current assets		**745,151**	1,464,261
Total assets less current liabilities		**1,125,067**	1,555,531

At 31 March 2013

	NOTES	2013 HK$'000	2012 HK$'000
Capital and reserves			
Share capital	34	**4,774**	4,774
Reserves		**860,262**	945,804
Equity attributable to owners of the Company		**865,036**	950,578
non-controlling interests		**145,122**	8,096
Total equity		**1,010,158**	958,674
Non-current liabilities			
Bank borrowings	31	**96,970**	497,623
Loans from non-controlling shareholders	32	**–**	98,212
Deferred taxation	33	**17,939**	1,022
		114,909	596,857
		1,125,067	1,555,531

The consolidated financial statements on pages 29 to 95 were approved and authorised for issue by the Board of Directors on 28 June 2013 and are signed on its behalf by:

CHAN William
DIRECTOR

YIP Chun Kwok
DIRECTOR

For the year ended 31 March 2013

	Attributable to owners of the Company													
	Share capital HK$'000	Share premium HK$'000	Legal reserve HK$'000 (Note a)	Statutory reserve HK$'000 (Note b)	Investment revaluation reserve HK$'000	Property revaluation reserve HK$'000	Translation reserve HK$'000	Shareholders' contribution reserve HK$'000	Other reserve HK$'000 (Note c)	Special reserve HK$'000 (Note d)	Accumulated profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2011	4,800	472,253	49	690	3,151	–	8,085	6,615	29,867	66,139	269,682	861,331	–	861,331
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	4,705	–	–	–	–	4,705	–	4,705
Reclassification of translation reserve to profit or loss upon disposal of subsidiaries and a jointly controlled entity	–	–	–	–	–	–	6	–	–	–	–	6	–	6
Share of translation reserve of an associate	–	–	–	–	–	–	234	–	–	–	–	234	–	234
Gain on revaluation of property upon transfer to investment property	–	–	–	–	–	1,720	–	–	–	–	–	1,720	–	1,720
Deferred taxation arising on revaluation of property upon transfer to investment property (Note 33)	–	–	–	–	–	(478)	–	–	–	–	–	(478)	–	(478)
Profit (loss) for the year	–	–	–	–	–	–	–	–	–	–	109,602	109,602	(37)	109,565
Total comprehensive income (expense) for the year	–	–	–	–	–	1,242	4,945	–	–	–	109,602	115,789	(37)	115,752
Dividends paid (Note 15)	–	–	–	–	–	–	–	–	–	–	(64,672)	(64,672)	–	(64,672)
Recognition of other service costs	–	–	–	–	–	–	–	–	3,733	–	–	3,733	–	3,733
Transfer to legal reserve	–	–	12	–	–	–	–	–	–	–	(12)	–	–	–
Shares repurchased and cancelled (Note 34)	(26)	(3,123)	–	–	–	–	–	–	–	–	–	(3,149)	–	(3,149)
Deemed capital contribution from non-controlling shareholders (Note 32)	–	–	–	–	–	–	–	–	–	–	–	–	8,140	8,140
Disposal of partial interest in a subsidiary (Note 39)	–	–	–	–	–	–	–	–	37,546	–	–	37,546	(7)	37,539
At 31 March 2012	4,774	469,130	61	690	3,151	1,242	13,030	6,615	71,146	66,139	314,600	950,578	8,096	958,674
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(819)	-	-	-	-	(819)	122	(697)
Reclassification of translation reserve to profit or loss upon disposal of subsidiaries	-	-	-	-	-	-	(11,753)	-	-	-	-	(11,753)	-	(11,753)
Reclassification of translation reserve to profit or loss upon disposal of an associate	-	-	-	-	-	-	(895)	-	-	-	-	(895)	-	(895)
Fair value gain on available-for-sale investments	-	-	-	-	20,356	-	-	-	-	-	-	20,356	27,666	48,022
Reclassification adjustment to profit or loss upon disposal of available-for-sale investments	-	-	-	-	(3,151)	-	-	-	-	-	-	(3,151)	-	(3,151)
Share of translation reserve of an associate	-	-	-	-	-	-	724	-	-	-	-	724	-	724
Deferred taxation arising on revaluation of available-for-sale investments	-	-	-	-	(5,512)	-	-	-	-	-	-	(5,512)	(7,558)	(13,070)
Profit for the year	-	-	-	-	-	-	-	-	-	-	138,099	138,099	1,384	139,483
Total comprehensive (expense) income for the year	-	-	-	-	11,693	-	(12,743)	-	-	-	138,099	137,049	21,614	158,663
Dividends paid (Note 15)	-	-	-	-	-	-	-	-	-	-	(222,013)	(222,013)	-	(222,013)
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	3,099	3,099
Acquisition of subsidiaries (Notes 36 and 37)	-	-	-	-	-	-	-	-	-	-	-	-	111,349	111,349
Deemed capital contribution from non-controlling shareholders (Note 32)	-	-	-	-	-	-	-	-	-	-	-	-	964	964
Share of other reserve of an associate	-	-	-	-	-	-	-	-	(578)	-	-	(578)	-	(578)
Reclassification of reserve upon disposal of subsidiaries	-	-	(61)	(690)	-	(1,242)	-	(6,615)	(33,600)	1,161	41,047	-	-	-
At 31 March 2013	4,774	469,130	-	-	14,844	-	287	-	36,968	67,300	271,733	865,036	145,122	1,010,158

For the year ended 31 March 2013

Notes:

(a) In accordance with the provisions of the Macao Commercial Code, two of the subsidiaries of the Company in Macao were required to transfer a minimum of 25% of their profit for the year to a legal reserve before appropriation of dividends until the legal reserve equals half of the quota capital of the subsidiaries. This reserve was not distributable to the shareholders. During the year, legal reserve of HK$61,000 was derecognised and transferred to accumulated profits upon disposal of subsidiaries.

(b) As stipulated by the relevant laws and regulations in the People's Republic of China (the "PRC") the subsidiary established in the PRC shall set aside 10% of its net profit to the statutory reserve before the distribution of the net profit each year until the balance reaches 50% of its paid-in capital. The statutory reserve can only be used upon approval by the board of directors of the relevant subsidiary to offset accumulated losses or increase capital. The PRC subsidiary had incurred loss in both years. No additional balance required to transfer to statutory reserve. During the year, statutory reserve of HK$690,000 was derecognised and transferred to accumulated profits upon disposal of subsidiaries.

(c) As at 31 March 2012, other reserves include (i) recognition of other service costs of HK$33,600,000 and (ii) amount recognised upon disposal of partial interest in a subsidiary of HK$37,546,000 as set out in note 39. During the year, other service costs of HK$33,600,000 was derecognised and transferred to accumulated profits upon disposal of subsidiaries.

(d) 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. Ng"), Mr. Leung Kai Ming ("Mr. Leung") and Mr. Wong Kim Hung, Patrick ("Mr. Wong") as vendors (collectively referred to as the "Vendors"), and the Company as purchaser, the Company issued 69,990,000 shares of HK$0.01 each amounting to approximately HK$700,000 to the Vendors for acquiring the entire issued capital of Sundart Holdings Limited ("Sundart Holdings") in proportion to their respective holding in Sundart Holdings. The acquisition of Sundart Holdings by the Company is accounted for as a group reorganisation involving interspersing the Company between the Vendors and Sundart Holdings. The consolidated financial statements are prepared as a continuation of Sundart Holdings and its subsidiaries. Special reserve of the Group amounting to approximately HK$67,300,000 represents the difference between the nominal value of the shares issued by the Company and the issued share capital and share premium of Sundart Holdings at the date of the share swap.

For the year ended 31 March 2013

	NOTES	2013 HK$'000	2012 HK$'000
Operating activities			
Profit for the year		**139,483**	109,565
Adjustments for:			
Income tax expense from continuing and discontinued operations		**6,546**	19,225
Depreciation of property, plant and equipment		**3,345**	9,066
Amortisation of other intangible assets		**1,322**	5,288
(Gain) loss on disposal of subsidiaries	38	**(144,181)**	1,356
(Gain) loss on disposal of property, plant and equipment		**(53)**	406
Allowance for inventories		**–**	619
Gain from change in fair value of investment property		**–**	(493)
Gain on disposal of available-for-sale investments		**(3,096)**	–
Interest income		**(2,443)**	(785)
Interest expense		**1,164**	2,604
Share of profit of associates		**(10,593)**	(2,320)
Other service costs		**–**	3,733
Others		**7,432**	–
Operating cash flows before movements in working capital		**(1,074)**	148,264
Increase in properties under development for sale		**(371,563)**	(435,778)
(Increase) decrease in inventories		**(31,584)**	3,729
Decrease (increase) in amount due from a related company		**2,100**	(2,100)
(Increase) decrease in trade and other receivables		**(57,197)**	23,555
(Increase) decrease in bills receivable		**(1,199)**	14,297
Increase in amount due from an associate		**612**	–
Increase in amounts due from customers for contract work		**(18,299)**	(106,793)
(Increase) decrease in retentions receivable		**(13,182)**	2,961
(Decrease) increase in trade and other payables		**(21,648)**	63,602
Increase in deposit received from sales of properties under development for sale		**388,081**	–
Increase in bills payable		**7,805**	–
Increase in amount due to an associate		**47,609**	–
Increase in amounts due to customers for contract work		**16,304**	3,216
Cash used in operations		**(53,235)**	(285,047)
Interest paid		**(15,108)**	(9,463)
Income tax refunded		**2**	233
Income tax paid		**(4,160)**	(21,726)
Net cash used in operating activities		**(72,501)**	(316,003)

For the year ended 31 March 2013

	NOTES	2013 HK$'000	2012 HK$'000
Investing activities			
Loan advanced and deposits placed		**(14,342)**	–
Purchases of property, plant and equipment		**(5,764)**	(13,265)
Acquisition of subsidiaries	*36*	**(22,339)**	–
Acquisition of assets and liabilities through acquisition of a subsidiary	*37*	**(32,172)**	–
Purchase of available-for-sale investments		**(8,316)**	–
Repayment from an associate		**80,000**	–
Disposal of subsidiaries	*38*	**351,045**	(6,542)
Placement of restricted bank balances		**(512,732)**	–
Withdrawal of restricted bank balances		**336,049**	–
Advance to an investee		**(35,571)**	–
Proceeds from disposal of property, plant and equipment		**150**	1
Proceeds from disposal of available-for-sale investments		**15,556**	–
Interest received		**2,443**	785
Net cash from (used in) investing activities		**154,007**	(19,021)
Financing activities			
New bank borrowings raised		**209,404**	658,546
Repayments of bank borrowings		**(264,664)**	(464,139)
Proceeds from disposal of partial interest in a subsidiary without losing control	*39*	**–**	37,539
Proceeds from sale of shareholder's loan	*39*	**–**	50,311
Dividends paid		**(222,013)**	(64,672)
Repayment to a jointly controlled entity		**–**	(19)
Advances from non-controlling shareholders		**53,302**	53,795
Repurchase of shares		**–**	(3,149)
Capital contribution from non-controlling shareholders		**3,099**	–
Net cash (used in) from financing activities		**(220,872)**	268,212
Net decrease in cash and cash equivalents		**(139,366)**	(66,812)
Cash and cash equivalents at the beginning of the year		**370,771**	434,307
Effect of foreign exchange rate changes		**(1,372)**	3,276
Cash and cash equivalents at the end of the year, represented by bank balances and cash		**230,033**	370,771

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 Room 1305, 13th Floor, Shun Tak Centre West Tower, 200 Connaught Road Central, Hong Kong respectively.

The Company acts as an investment holding company and provides corporate management services. The principal activities of its subsidiaries are set out in note 45.

Pursuant to a special resolution passed by the shareholders at an extraordinary general meeting of the Company held on 31 August 2012, the name of the Company was changed from "Sundart International Holdings Limited" to "Rykadan Capital Limited", with effect from 31 August 2012.

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

The Group had discontinued the fitting-out works operations in the current year (see note 14). The presentation of continuing operations and discontinued operations in the current year has resulted in a re-presentation of the corresponding comparative amounts shown for the consolidated statement of comprehensive income and related notes to the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKAS 12	Deferred tax: Recovery of underlying assets
Amendments to HKFRS 7	Financial instruments: Disclosures – Transfers of financial assets

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 12 Deferred tax: Recovery of underlying assets

The Group has applied for the first time the amendments to HKAS 12 "Deferred tax: Recovery of underlying assets" in the current year. Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment property using the fair value model. As a result of the application of the amendments to HKAS 12, the directors reviewed the Group's investment property and concluded that the investment property situated in the PRC is held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time. Therefore, the directors have determined that the "sale" presumption set out in the amendments to HKAS 12 is rebutted for the investment property situated in the PRC.

The application of the amendments to HKAS 12 has no impact to the Group's measurement of deferred taxes on changes in fair value of the investment property situated in the PRC as the entire carrying amounts of the property were expected to be recovered through use. Accordingly, the application of the amendments to HKAS 12 has had no material impact on the Group consolidated financial statements for the current and prior years.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009 – 2011 cycle[1]
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[2]
HKFRS 9	Financial instruments[3]
HKFRS 10	Consolidated financial statements[1]
HKFRS 11	Joint arrangements[1]
HKFRS 12	Disclosure of interests in other entities[1]
HKFRS 13	Fair value measurement[1]
HKAS 19 (as revised in 2011)	Employee benefits[1]
HKAS 27 (as revised in 2011)	Separate financial statements[1]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[1]
Amendments to HKAS 1	Presentation of items of other comprehensive income[4]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[2]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[2]
HK(IFRIC)-INT 20	Stripping costs in the production phase of a surface mine[1]
HK(IFRIC)-INT 21	Levies[2]

1 Effective for annual periods beginning on or after 1 January 2013.
2 Effective for annual periods beginning on or after 1 January 2014.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 July 2012.

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 9 Financial instruments (Continued)

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted. The directors anticipate that HKFRS 9 will be adopted by the Group for annual period beginning on 1 April 2015 and may have significant impact on amounts reported in respect of the Group's financial assets. Based on the Group's financial assets and financial liabilities as at 31 March 2013, the application of HKFRS 9 will mainly affect the classification and measurement of the Group's available-for-sale investments.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements. HK(SIC)-INT 12 "Consolidation – special purpose entities" will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 "Interests in joint ventures". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK(SIC)-INT 13 "Jointly controlled entities" – Non-monetary contributions by venturers will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. A joint operator shall recognise in relation to its interest in a joint operation (i) its assets, including its share of any assets held jointly; (ii) its liabilities, including its share of any liabilities incurred jointly; (iii) its revenue from the sale of its share of the output arising from the joint operation; (iv) its share of the revenue from the sale of the output by the joint operation; and (v) its expenses, including its share of any expenses incurred jointly.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The directors anticipate that the application of these five standards will be adopted by the Group for annual period beginning on 1 April 2013 and may have significant impact on amounts reported in the consolidated financial statements. For example, the application of HKFRS 10 may affect the accounting for the Group's interests in fund investments that are currently classified as the Group's available-for-sale investments. A detailed review is being performed by the directors to determine and quantify the impact on the application of HKFRS 10.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 13 Fair value measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial instruments: disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors anticipate that HKFRS 13 will be adopted by the Group for annual period beginning on 1 April 2013 and may result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 "Presentation of items of other comprehensive income" introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income" and an "income statement" is renamed as a "statement of profit or loss". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied by the Group for annual period beginning on 1 April 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment property, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods or services.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interest in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to accumulated profits as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income taxes" and HKAS 19 "Employee benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date (see the accounting policy); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that standard.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another standard.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the relevant cash-generating units ("CGU") (or groups of CGU) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Investment in an associate

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in an associate (Continued)

Under the equity method, investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss, other comprehensive income and movement in other reserves of the associate. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from fixed price supply and installation contracts including fitting-out works is recognised on the percentage of completion method, measured by reference to the value of work certified during the year. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customers.

Revenue from sales of goods is recognised when goods are delivered and title has been passed.

Service income is recognised when services are provided.

Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Supply and installation contracts including fitting-out works

Where the outcome of a supply and installation contract including fitting-out works can be estimated reliably, contract costs are charged to profit or loss by reference to the stage of completion of the contract activity at the end of the reporting period on the same basis as contract revenue. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a supply and installation contract including fitting-out works cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs incurred are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received from customers. Amounts billed for work performed but not yet paid by the customers are included in the consolidated statement of financial position under trade and other receivables.

Properties under development for sale

Properties under development for sale are stated at the lower of cost and net realisable value and are shown as current assets. Cost comprises both acquisition costs and development cost for the property. Net realisable value takes into account the price ultimately expected to be realised, less applicable selling expenses and the anticipated costs to completion.

Development cost of property comprises construction costs, borrowing costs capitalised according to the Group's accounting policy and other directly attributable costs incurred during the development period. On completion, the properties are transferred to inventories.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis, except for those that are classified and accounted for as when the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") and other defined contribution retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss/profit before taxation" as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair values of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are mainly loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way of purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including amounts due from a related company, an associate and an investee, trade and other receivables, bills receivable, retentions receivable, restricted bank balances and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve. When the available-for-sale financial asset is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment of financial assets below).

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;

- breach of contract, such as default or delinquency in interest or principal payments; or

- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain financial assets, such as trade receivables, assets that are assessed not to be impaired individually, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities (including trade and other payables, bills payable, loans from non-controlling shareholders, amount due to an associate and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligation is discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HKD) using exchange rates prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity under the heading of translation reserve.

Equity-settled share-based payment transactions

Where a shareholder transferred the equity instruments of a group entity to an employee in return for service provided to the Group, the transaction is accounted for as equity-settled share-based payment transaction of the Group. The fair value of services received is determined by reference to the difference between the fair value of the equity instruments and the consideration given by the employee to the shareholder, if any, on the transaction date. It is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (other reserve).

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance lease) and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to accumulated profits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Other intangible assets

Other intangible assets acquired separately with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses.

Amortisation for other intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis (see the accounting policy in respect of impairment on tangible and intangible assets below).

Gains or losses arising from derecognition of other intangible assets are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Impairment on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2013, the carrying amount of goodwill is HK$27,934,000 (2012: HK$1,510,000). Details of the recoverable amount calculation are disclosed in note 19.

Fair value of available-for-sale investments

Available-for-sale investments are carried in the consolidated statements of financial position at fair value, as disclosed in note 22. The management of the Company uses its judgment 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.

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debts, which includes bank borrowings disclosed in note 31, cash and cash equivalents and equity attributable to the owners of the Company, comprising issued share capital, reserves and accumulated profits.

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

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2013 HK$'000	2012 HK$'000
Financial assets		
Available-for-sale investments	**253,526**	15,611
Loans and receivables (including cash and cash equivalents)	**524,508**	679,399
Financial liabilities		
Amortised cost	**668,598**	924,699

Financial risk management objectives and policies

The Group's major financial instruments include amount due from a related company, trade and other receivables, bills receivable, amount due from an associate, amount due from an investee, retentions receivable, restricted bank balances, bank balances, trade and other payables, bills payable, amount due to an associate, loans from non-controlling shareholders and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity 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.

Market risk

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 foreign currency exchange 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 foreign currency 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:

	Assets		Liabilities	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
HKD against Macau Pataca ("MOP")	**–**	6,823	**–**	12,113
United States Dollars ("USD") against HKD and MOP	**21,658**	21,900	**554**	1,238
USD against RMB	**70,380**	–	**–**	–
RMB against HKD	**–**	614	**–**	1,104
HKD against RMB	**28,819**	25,479	**110**	–
RMB against MOP	**–**	9	**–**	3,765
Euro against HKD	**30**	37	**22,296**	–
Great Britain Pound ("GBP") against HKD	**–**	1,664	**–**	–
HKD against USD	**–**	1,000	**–**	158

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

Sensitivity analysis

As HKD is pegged to USD and the exchange rate of HKD/MOP and USD/MOP is relatively stable, the Group does not expect any significant foreign currency exposure arising from the fluctuation of the USD/HKD, USD/MOP, HKD/USD and HKD/MOP 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, USD/MOP, HKD/USD and HKD/MOP is minimal.

The following table details the Group's sensitivity to a 5% (2012: 5%) increase and decrease in RMB against HKD, HKD against RMB, RMB against MOP, Euro against HKD and GBP against HKD and USD against RMB. 5% (2012: 5%) represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis of the Group's exposure to foreign 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 foreign 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 RMB strengthens against HKD, HKD strengthens against RMB, RMB strengthens against MOP, Euro strengthens against HKD, GBP strengthens against HKD and USD strengthen against RMB. For a 5% (2012: 5%) weakening of RMB against HKD, HKD against RMB, RMB against MOP, Euro against HKD, GBP against HKD or USD against RMB, there would be an equal and opposite impact on the post-tax profit/loss for the year as set out below:

	RMB against HKD impact		HKD against RMB impact		RMB against MOP impact		Euro against HKD impact		GBP against HKD impact		USD against RMB impact	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Increase (decrease) in post-tax profit	**–**	(20)	**1,077**	968	**–**	(165)	**(930)**	2	**–**	69	**2,639**	–

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.

Cash flow interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate bank balances and bank borrowings (see note 29 for details of the bank balances and note 31 for details of the bank borrowings). 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

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable-rate bank borrowings, the analysis is prepared assuming the bank borrowings outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2012: 50 basis points) increase or decrease in variable-rate bank borrowings 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 2013 would decrease/increase by approximately HK$58,000 (2012: post-tax loss increase/decrease by HK$522,000) and finance costs capitalised in properties under development for sale would increase/decrease by approximately HK$1,936,000 (2012: HK$2,183,000).

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.

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk

As at 31 March 2013, 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 and the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 35.

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 receivable and other receivable and amount due from an investee at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

At the end of the reporting period, other than concentration of credit risks on trade receivables and retentions receivable from three (2012: one) customers of approximately HK$55,959,000 (2012: HK$58,414,000) and nil (2012: HK$21,968,000) respectively located in the PRC and Macau and the amount due from an investee, the Group does not have any other significant concentration of credit risk. The trade receivables due from the three (2012: one) customers of HK$26,571,000 (2012: HK$58,414,000) 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 and is recognised on the difference between the estimated future cash flows expected to receive discounted using the original effective interest rate and the carrying value. 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 reviews the recoverable amount of the amount due from investees at the end of the reporting period to ensure that adequate impairment loss are made for irrecoverable amounts. The management 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 balances 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.

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 borrowings and ensures compliance with loan covenants.

As at 31 March 2013, the Group has available unutilised bank loan facilities of approximately HK$818,058,000 (2012: HK$850,178,000).

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.

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

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.

	Weighted average interest rate %	Less than 4 months or on demand HK$'000	Between 4 to 6 months HK$'000	Between 7 to 12 months HK$'000	Between 1 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
As at 31 March 2013							
Non-derivative financial liabilities							
Trade and other payables	N/A	55,619	1,691	–	–	57,310	57,310
Bills payable	N/A	7,805	–	–	–	7,805	7,805
Amount due to an associate	N/A	47,609	–	–	–	47,609	47,609
Loans from non-controlling shareholders	3.25	50,152	–	107,256	–	157,408	154,779
Bank borrowings	2.70	17,307	660	288,798	103,031	409,796	401,095
		178,492	2,351	396,054	103,031	679,928	668,598

	Weighted average interest rate %	Less than 4 months or on demand HK$'000	Between 4 to 6 months HK$'000	Between 7 to 12 months HK$'000	Between 1 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
As at 31 March 2012							
Non-derivative financial liabilities							
Trade and other payables	N/A	229,104	4,604	3,583	27,693	264,984	264,984
Loans from non-controlling shareholders	3.23	–	–	–	104,106	104,106	98,212
Bank borrowings	2.45	50,179	8,757	17,361	506,865	583,162	561,503
		279,283	13,361	20,944	638,664	952,252	924,699

The financial guarantees issued by the Company to banks in respect of banking facilities granted to an associate amounted to HK$460,000,000 (2012: nil), of which HK$90,447,000 (2012: nil) were utilised as at 31 March 2013 (detailed in note 35) represent the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the banks to the guarantee within 4 months from the end of the reporting period. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, the estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses. Up to the date of this report, all the financial guarantees issued by the Company to banks in respect of banking facilities granted to an associate are fully released by banks.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of reporting period.

6. FINANCIAL INSTRUMENTS (Continued)

Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis. The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

The Group's available-for-sale investments of approximately HK$253,526,000 (2012: HK$15,611,000) are measured at fair value, which are grouped into level 3, the fair value measurement is derived from valuation techniques that include inputs for the asset that are not based on observable market data.

Reconciliation of Level 3 fair value measurements of financial assets

	Unlisted investment in an investee HK$'000	**Unlisted fund investments** HK$'000	**Total** HK$'000
At 1 April 2011	–	15,023	15,023
Exchange adjustments	–	588	588
At 31 March 2012	–	15,611	15,611
Acquisition of subsidiaries (note 36)	–	81,513	81,513
Acquisition of assets and liabilities through acquisition of a subsidiary (note 37)	115,801	–	115,801
Additions	–	7,192	7,192
Disposals	–	(15,611)	(15,611)
Exchange adjustments	–	998	998
Total gains in other comprehensive income	5,919	42,103	48,022
At 31 March 2013	121,720	131,806	253,526

There is no transfer into or out of level 3 during both years.

7. REVENUE FROM CONTINUING OPERATIONS

Revenue from continuing operations represents the amounts received and receivable for manufacturing, sourcing and distribution of interior decorative materials and asset, investment and fund management provided by the Group to external customers, net of discounts.

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

	2013 HK$'000	2012 HK$'000
Manufacturing, sourcing and distribution of interior decorative materials	**125,992**	81,673
Asset, investment and fund management	**30,430**	–
	156,422	81,673

8. SEGMENT INFORMATION

HKFRS 8 "Operating segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers ("CODM") in order to allocate resources to the segment and to assess its performance. The Company's executive directors are the CODM.

In previous years, the Group reported its segment information based on five reportable and operating segments as follows:

(a) Fitting-out works in Hong Kong;
(b) Fitting-out works in Macau;
(c) Fitting-out works in the PRC;
(d) Manufacturing, sourcing and distribution of interior decorative materials; and
(e) Property development.

Those reportable and operating segments were based on the product type as well as the location of the market. During the year ended 31 March 2013, operations regarding the fitting-out works was discontinued as a result of disposal of certain group companies (details as set out in note 14).

After the disposal of the fitting-out works operations, and the acquisition of Kailong REI Project Investment Consulting (Hong Kong) Co., Limited ("KLR Hong Kong"), the Group commenced its new business, namely asset, investment and fund management business in Greater China.

From July 2012 onwards, information provided to CODM for performance assessment and resources allocation is based on product/service type only, regardless of the location of market. The basis is consistent with the Group's long term business strategy. The Group is now organised into the following three major operating segments, each of which represents an operating and reportable segment of the Group:

(a) Asset, investment and fund management – This segment derives its revenue from managing a portfolio of real estates through unlisted fund investments in the Greater China region. The unlisted fund investments have an extensive real estates portfolio covering offices, business parks, retail and residential segments.

(b) Property development – This segment derives its revenue from repositioning and value enhancement of property with a focus on commercial projects in prime locations in Hong Kong.

(c) Manufacturing, sourcing and distribution of interior decorative materials – This segment derives its revenue from trading marble-based and quartz-based stone composite surfaces products in the PRC and a license to use the relevant trademark in connection therewith.

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

8. SEGMENT INFORMATION (Continued)

For the year ended 31 March 2013

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

For the year ended 31 March 2012

	Continuing operations			Discontinued operations					
	Property development HK$'000	Manufacturing, sourcing and distribution of interior decorative materials HK$'000	Subtotal HK$'000	Fitting-out works in Hong Kong HK$'000	Fitting-out works in Macau HK$'000	Fitting-out works in the PRC HK$'000	Subtotal HK$'000	Elimination HK$'000	Consolidated HK$'000
Revenue									
External revenue	–	81,673	81,673	864,949	625,601	87,636	1,578,186	–	1,659,859
Inter-segment revenue	–	90,772	90,772	–	–	–	–	(90,772)	–
Total	–	172,445	172,445	864,949	625,601	87,636	1,578,186	(90,772)	1,659,859
Segment (loss) profit	(110)	(3,973)	(4,083)	47,486	113,558	(267)	160,777	–	156,694
Corporate expenses									(30,928)
Corporate income									4,664
Share of profit of an associate									2,320
Loss on disposal of subsidiaries									(1,356)
Finance costs									(2,604)
Profit before taxation									128,790

8. SEGMENT INFORMATION (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3.

Segment profit (loss) represents the profit earned by (loss from) each segment, excluding income and expenses of the corporate function, such as certain other income, certain administrative expenses, other service costs, certain other expenses, gain (loss) on disposal of subsidiaries, finance costs and share of profit of associates. This is the measure reported to the Company's executive directors for the purpose of resource allocation and performance assessment.

Inter-segment sales are charged at agreed terms set out in the service agreement entered into between group companies.

Segment assets and liabilities

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

	2013 HK$'000	2012 HK$'000
Segment assets		
Continuing operations		
– Asset, investment and fund management	187,982	–
– Property development	1,327,045	781,355
– Manufacturing, sourcing and distribution of interior decorative materials	75,050	112,867
Discontinued operations		
– Fitting-out works in Hong Kong	–	399,879
– Fitting-out works in Macau	–	208,136
– Fitting-out works in the PRC	–	75,505
Total segment assets	1,590,077	1,577,742
Unallocated corporate assets		
– Property, plant and equipment	1,368	2,268
– Investment property	–	6,785
– Interest in an associate	79,453	23,601
– Available-for-sale investments	121,720	15,611
– Amount due from an investee	35,571	–
– Other receivables	5,766	4,813
– Tax recoverable	833	3,465
– Restricted bank balances	27,661	–
– Bank balances and cash	230,033	370,771
Total consolidated assets of the Group	2,092,482	2,005,056
Segment liabilities		
Continuing operations		
– Asset, investment and fund management	6,541	–
– Property development	953,780	555,742
– Manufacturing, sourcing and distribution of interior decorative materials	12,736	86,060
Discontinued operations		
– Fitting-out works in Hong Kong	–	162,654
– Fitting-out works in Macau	–	65,060
– Fitting-out works in the PRC	–	24,111
Total segment liabilities	973,057	893,627
Unallocated corporate liabilities		
– Other payables	45,777	1,701
– Tax payable	3,511	25,064
– Bank borrowings	13,888	124,968
– Loans from non-controlling shareholders	28,152	–
– Deferred taxation	17,939	1,022
Total consolidated liabilities of the Group	1,082,324	1,046,382

8. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

For the purposes of monitoring segment performances and allocating resources between segments:

All assets are allocated to operating segments other than certain property, plant and equipment, investment property, interest in an associate, amount due from an investee, certain available-for-sale investments, certain other receivables, tax recoverable, certain restricted bank balances and bank balances and cash.

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

Other segment information

For the year ended 31 March 2013

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

For the year ended 31 March 2012

	Continuing operations	Discontinued operations					
	Manufacturing, sourcing and distribution of interior decorative materials HK$'000	Fitting-out works in Hong Kong HK$'000	Fitting-out works in Macau HK$'000	Fitting-out works in the PRC HK$'000	Segment total HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment results or segment assets:							
Additions of property, plant and equipment	10,858	–	8	1,521	12,387	878	13,265
Depreciation of property, plant and equipment	6,951	259	16	844	8,070	996	9,066
Amortisation of other intangible assets	1,688	3,600	–	–	5,288	–	5,288
Allowance for inventories	619	–	–	–	619	–	619
Loss on disposal of property, plant and equipment	(74)	–	(2)	(1)	(77)	(329)	(406)

8. SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations are located on Hong Kong, Macau, the PRC, United States of America and others.

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

	2013 HK$'000	2012 HK$'000
Hong Kong	33,992	2,802
Macau	–	34,074
The PRC	122,029	2,964
Qatar	–	23,723
United States of America (the "USA")	–	8,013
Others	401	10,097
	156,422	81,673

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

	2013 HK$'000	2012 HK$'000
Hong Kong	84,893	19,561
Macau	–	10
The PRC	31,766	56,088
	116,659	75,659

Note: Non-current assets excluded financial instruments.

All non-current assets of the Group are located in the respective group entity's country of domicile.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group (including both continuing and discontinued operations) are as follows:

	2013 HK$'000	2012 HK$'000
Customer A (Notes 1, 3)	–	192,242
Customer B (Notes 2, 3)	–	171,303
Customer C (Notes 1, 3)	–	212,972
Customer D (Notes 1, 3)	–	207,888
Customer E (Notes 2, 3)	–	194,042

Notes:

(1) The revenue was from fitting-out works in Macau.
(2) The revenue was from fitting-out works in Hong Kong.
(3) The revenue from none of these customers or other customers of the Group contribute over 10% of the total revenue of the Group for the year ended 31 March 2013.

For the year ended 31 March 2013

9. OTHER INCOME, OTHER GAINS AND LOSSES FROM CONTINUING OPERATIONS

	2013 HK$'000	2012 HK$'000
Other income		
Interest income on financial assets classified as loans and receivables	2,236	256
Management fee income	1,260	3,344
Others	18	239
	3,514	3,839
Other gains and losses		
Net foreign exchange gains	1,883	129
Gain (loss) on disposal of property, plant and equipment	74	(73)
Others	48	–
	2,005	56
	5,519	3,895

10. FINANCE COSTS FROM CONTINUING OPERATIONS

	2013 HK$'000	2012 HK$'000
Interests on:		
Bank borrowings wholly repayable within five years	13,197	6,859
Imputed interest expense on the loans from non-controlling shareholders wholly repayable within five years	4,229	2,246
Total interest	17,426	9,105
Less: Amounts capitalised (Note)	(16,715)	(9,105)
	711	–

Note: Interest capitalised in properties under development for sale during the year is arisen on the specific bank borrowings and the shareholder's loan from non-controlling shareholders granted to the Group.

For the year ended 31 March 2013

11. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

The emoluments of directors of the Company are analysed as follows:

	Fees, salaries and other benefits		Discretionary bonus (Note f)		Retirement benefits scheme contributions		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Executive directors:								
Mr. Chan William ("Mr. Chan") (Note a)	**3,330**	1,800	**6,700**	300	**14**	12	**10,044**	2,112
Mr. Ng (Note b)	**2,643**	1,800	**4,460**	300	**–**	12	**7,103**	2,112
Mr. Yip Chun Kwok	**1,620**	1,320	**1,300**	220	**14**	12	**2,934**	1,552
Mr. Leung (Note c)	**350**	5,430	**–**	280	**3**	12	**353**	5,722
Mr. Wong (Note d)	**–**	1,004	**–**	330	**–**	10	**–**	1,344
Non-executive director:								
Mr. Wong (Note d)	**180**	86	**–**	–	**–**	–	**180**	86
Independent non-executive directors (Note e):								
Mr. To King Yan, Adam	**195**	180	**–**	–	**–**	–	**195**	180
Mr. Wong Hoi Ki	**195**	180	**–**	–	**–**	–	**195**	180
Mr. Ho Kwok Wah, George	**195**	180	**–**	–	**–**	–	**195**	180
	8,708	11,980	**12,460**	1,430	**31**	58	**21,199**	13,468

Notes:

(a) Mr. Chan is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as Chief Executive.

(b) A director fee of HK$2,340,000 had been included in the salaries and other benefits of Mr. Ng for the year ended 31 March 2013.

(c) For the year ended 31 March 2012, including in the salaries and other benefits paid to Mr. Leung, there is an amount of approximately HK$3,733,000 related to other service costs. Mr. Leung resigned as an executive director on 1 July 2012.

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

(e) Directors' emolument paid or payable to independent non-executive directors represent director fee.

(f) 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.

11. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS (Continued)

The emoluments for the five individuals with the highest emoluments in the Group included three (2012: four) executive directors of the Company for the year ended 31 March 2013. The emoluments of these executive directors are included in the disclosure set out above. The emoluments of the remaining two (2012: one) individuals were as follows:

	2013 HK$'000	2012 HK$'000
Salaries and other benefits	**4,360**	1,942
Discretionary bonus	**4,096**	–
Retirement benefit scheme contributions	**–**	12
	8,456	1,954

The emoluments were within the following bands:

	No. of individuals	
	2013	2012
HK$1,500,001 to HK$2,000,000	**–**	1
HK$2,500,001 to HK$3,000,000	**1**	–
HK$5,500,001 to HK$6,000,000	**1**	–

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

12. INCOME TAX EXPENSE FROM CONTINUING OPERATIONS

	2013 HK$'000	2012 HK$'000
Current tax		
Hong Kong Profits Tax	**1,490**	746
Macau Complementary Tax	**48**	494
PRC Enterprise Income Tax	**2,272**	83
	3,810	1,323
Overprovision in prior years		
Hong Kong Profits Tax	**(29)**	(35)
	3,781	1,288

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

Macau Complementary Tax is calculated at the progressive rates from 9% to 12% of the estimated assessable profits for both years.

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% for both years.

12. INCOME TAX EXPENSE FROM CONTINUING OPERATIONS (Continued)

The income tax expense for the year can be reconciled to the loss before taxation from continuing operations per the consolidated statement of comprehensive income, by aggregation of separate reconciliations prepared using applicable tax rate in each individual jurisdiction, as follows:

	2013 HK$'000	2012 HK$'000
Loss before taxation from continuing operations	(25,700)	(23,527)
Tax at the applicable tax rate in different tax jurisdictions	(3,150)	(4,337)
Tax effect of share of profit of associates	(1,748)	(383)
Tax effect of expenses not deductible for tax purpose	6,457	5,607
Tax effect of income not taxable for tax purpose	(606)	(168)
Overprovision in respect of prior years	(29)	(35)
Tax effect of tax losses not recognised	4,395	692
Utilisation of tax losses previously not recognised	(2,371)	–
Others	833	(88)
Income tax for the year relating to continuing operations	3,781	1,288

13. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

	2013 HK$'000	2012 HK$'000
Loss for the year from continuing operations has been arrived at after charging:		
Auditor's remuneration	1,573	560
Depreciation of property, plant and equipment	2,791	6,951
Amortisation of other intangible assets	422	1,688
Total depreciation and amortisation	3,213	8,639
Cost of inventories recognised as expense	94,458	66,471
Allowance for inventories (included in cost of sales)	–	619
Operating lease payments in respect of rented properties	6,827	5,233
Staff costs (including directors' emoluments)	63,224	38,599

14. DISCONTINUED OPERATIONS

On 16 May 2012, the Group entered into a sales and purchase agreement to partially dispose of its 85% equity interest in Sundart Holdings Limited ("Sundart Holdings") that carried out all of the Group's fitting-out works in Hong Kong, Macau and the PRC (see note 38(a)). The disposal was completed on 26 June 2012, on which date the Group lost control in Sundart Holdings. The Group's fitting-out works operations are treated as discontinued operations.

The results of and profit from the discontinued operations for the period from 1 April 2012 to 26 June 2012 and year ended 31 March 2012 are analysed as follows:

	For the period from 1 April 2012 to 26 June 2012 HK$'000	For the year ended 31 March 2012 HK$'000
Revenue	325,562	1,578,186
Cost of sales	(288,021)	(1,365,515)
Other income, other gains and losses	3,677	1,777
Selling expenses	(382)	(1,553)
Administrative expenses	(12,528)	(52,208)
Other service costs	–	(3,733)
Other expenses	(307)	(677)
Finance costs	(453)	(2,604)
Profit before taxation	27,548	153,673
Income tax expense	(2,765)	(17,937)
Profit for the period/year	24,783	135,736
Gain on disposal of fitting-out works operations (note 38(a))	144,181	–
Loss on disposal of subsidiaries (note 38(b))	–	(1,356)
	168,964	134,380

14. DISCONTINUED OPERATIONS (Continued)

Profit for the period/year from discontinued operations included the following:

	For the period from 1 April 2012 to 26 June 2012 HK$'000	For the year ended 31 March 2012 HK$'000
Auditor's remuneration	–	1,420
Depreciation of property, plant and equipment	554	2,115
Amortisation of other intangible assets	900	3,600
Total depreciation and amortisation	1,454	5,715
Contract costs recognised as expense	288,021	1,365,515
Interest income	(207)	(529)
Gross rental income from investment property	(100)	(361)
Less: Direct operating expenses from investment property that generated rental income during the year	6	21
	(94)	(340)
Loss on disposal of property, plant and equipment	21	333
Gain on disposal of available-for-sale investment	(3,151)	–
Operating lease payments in respect of rented properties	1,641	6,784
Staff costs:		
Gross staff costs (including directors' emoluments)	26,314	120,398
Other service costs	–	3,733
Less: Staff costs capitalised to contract costs	(18,696)	(88,877)
	7,618	35,254

During the year ended 31 March 2013, the fitting-out works operations paid HK$13 million (2012: HK$299 million) in respect of the Group's net operating cash flows, contributed HK$14 million (2012: HK$16 million) in respect of investing activities and paid HK$20 million (2012: contributed HK$123 million) in respect of financing activities.

The carrying amount of the assets and liabilities of Sundart Holdings and its subsidiaries at the date of disposal are disclosed in note 38(a).

15. DIVIDENDS

Year ended 31 March 2013

Pursuant to the annual general meeting of the Company held on 31 July 2012, a final dividend of HK 6.5 cents per share amounting to approximately HK$31,034,000 in total for the year ended 31 March 2012, was approved by the shareholders of the Company and distributed to the shareholders on 15 August 2012.

Pursuant to the directors' meeting of the Company held on 28 November 2012, an interim dividend of HK 5 cents per share and special dividend of HK 35 cents per share amounting to approximately HK$190,979,000 in total had been declared and distributed to the shareholders on 4 January 2013.

A final dividend of HK 5 cents per share in respect of the year ended 31 March 2013 has been proposed by the directors and is subject to the approval by the shareholders in the forthcoming annual general meeting.

Year ended 31 March 2012

Pursuant to the annual general meeting of the Company held on 19 August 2011, a final dividend of HK8.5 cents per share amounting to approximately HK$40,800,000 in total for the year ended 31 March 2011, was approved by the shareholders of the Company and distributed to the shareholders on 11 October 2011.

Pursuant to the directors' meeting of the Company held on 21 November 2011, an interim dividend of HK5 cents per share amounting to approximately HK$23,872,000 in total had been declared and distributed to the shareholders on 5 January 2012.

16. EARNINGS (LOSS) PER SHARE

For continuing and discontinued operations

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

Earnings

	2013 HK$'000	2012 HK$'000
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	138,099	109,602

Number of shares

	2013	2012
Weighted average number of ordinary shares for the purpose of basic earnings per share	477,447,000	478,704,670

From continuing operations

Basic loss per share from continuing operations attributable to the owners of the Company is calculated based on the loss for the year attributable to owners of the Company from continuing operations of HK$30,865,000 (2012: HK$24,778,000) and the denominators detailed above for basic earnings per share.

From discontinued operations

Basic earnings per share from discontinued operations is HK35.4 cents per share (2012: HK28.1 cents per share), based on the profit for the year from discontinued operations of HK$168,964,000 (2012: HK$134,380,000) and the denominators detailed above for basic earnings per share.

No diluted earnings per share information has been presented as there were no potential ordinary shares outstanding for both years.

17. PROPERTY, PLANT AND EQUIPMENT

	Land and building HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST						
At 1 April 2011	4,707	7,508	13,252	6,215	1,752	33,434
Exchange adjustments	3	332	382	122	35	874
Transferred to investment property (Note 18)	(4,710)	–	–	–	–	(4,710)
Additions	–	5,481	4,115	2,449	1,220	13,265
Disposals	–	(274)	(97)	(494)	(169)	(1,034)
At 31 March 2012	–	13,047	17,652	8,292	2,838	41,829
Exchange adjustments	–	(37)	(74)	40	(7)	(78)
Acquisition of subsidiaries (Note 36)	–	506	–	978	–	1,484
Disposal of subsidiaries (Note 38(a))	–	(13,278)	(18,365)	(8,720)	(2,572)	(42,935)
Additions	–	2,816	787	2,161	–	5,764
Disposals	–	–	–	(44)	(259)	(303)
At 31 March 2013	–	3,054	–	2,707	–	5,761
DEPRECIATION						
At 1 April 2011	361	784	1,960	1,963	676	5,744
Exchange adjustments	1	49	127	40	13	230
Provided for the year	9	2,191	4,793	1,588	485	9,066
Transferred to investment property (Note 18)	(371)	–	–	–	–	(371)
Eliminated on disposals	–	(273)	(36)	(262)	(56)	(627)
At 31 March 2012	–	2,751	6,844	3,329	1,118	14,042
Exchange adjustments	–	(1)	(36)	41	(3)	1
Provided for the year	–	1,238	1,123	845	139	3,345
Disposal of subsidiaries (Note 38(a))	–	(3,331)	(7,931)	(3,752)	(1,069)	(16,083)
Eliminated on disposals	–	–	–	(22)	(185)	(207)
At 31 March 2013	–	657	–	441	–	1,098
CARRYING VALUES						
At 31 March 2013	–	2,397	–	2,266	–	4,663
At 31 March 2012	–	10,296	10,808	4,963	1,720	27,787

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method, at the following rates per annum:

Land and building	2% or over the remaining term of lease, if shorter
Leasehold improvements	10%-33$^{1}/_{3}$% or over the remaining term of lease, if shorter
Plant and machinery	20%
Furniture, fixtures and equipment	15%-33$^{1}/_{3}$%
Motor vehicles	10%-33$^{1}/_{3}$%

The land and building was situated in the PRC under medium term leases and was transferred to investment property during the year ended 31 March 2012.

18. INVESTMENT PROPERTY

	HK$'000
FAIR VALUE	
At 1 April 2011	–
Transferred from property, plant and equipment (Note 17)	6,059
Increase in fair value recognised in profit or loss	493
Exchange adjustments	233
At 31 March 2012	6,785
Elimination on disposal of subsidiaries (Note 38(a))	(6,747)
Exchange adjustments	(38)
At 31 March 2013	–

During the year ended 31 March 2012, the Group transferred an owner-occupied property to investment property at fair value of HK$6,059,000 on date of transfer, with a revaluation gain of HK$1,720,000 recognised as other comprehensive income and in property revaluation reserve. The fair values at date of transfer and 31 March 2012 have been arrived by an independent qualified professional valuer not connected with the Group, Savills Valuation and Professional Services Limited. It is a member of the Institute of Valuers. The valuations were arrived at by reference to market evidence of transaction prices for similar properties in the same location and condition.

During the current year, the investment property has been derecognised upon disposal of subsidiaries as set out in note 38(a).

19. GOODWILL

	HK$'000
Carrying amount as at 1 April 2011 and 1 April 2012 (Note a)	1,510
Eliminated on disposal of subsidiaries (Note 38(a))	(1,510)
Arising on acquisition of subsidiaries (Note b)	27,934
Carrying amounts as at 31 March 2013	27,934

19. GOODWILL (Continued)

Notes:

(a) Goodwill consist of HK$746,000 represented the excess of consideration paid over the fair value of net assets taken over on the acquisition of a subsidiary, Sundart Timber Products Company Limited ("Sundart Timber") and HK$764,000 represented the excess of consideration paid over the fair value of net assets taken over on the acquisition of a subsidiary, Sundart Living Limited ("Sundart Living"). During the year ended 31 March 2013, such goodwill has been derecognised upon disposal of subsidiaries as set out in note 38(a).

(b) Goodwill represents the excess of consideration paid over the fair value of net assets taken over on the acquisition of a subsidiary, KLR Hong Kong during the year ended 31 March 2013 as set out in note 36. For the purpose of impairment test, the carrying amount of goodwill had been allocated to KLR Hong Kong representing a CGU carrying out the activities under the asset, investment and fund management segment.

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

20. OTHER INTANGIBLE ASSETS

	Registrations HK$'000 (Notes a & c)	Patents HK$'000 (Notes a & c)	Licenses HK$'000 (Notes b & c)	Total HK$'000
COST				
At 1 April 2011 and 1 April 2012	8,307	131	18,000	26,438
Elimination on disposal of subsidiaries (Note 38(a))	(8,307)	(131)	(18,000)	(26,438)
At 31 March 2013	–	–	–	–
AMORTISATION				
At 1 April 2011	3,321	53	1,800	5,174
Charged for the year	1,662	26	3,600	5,288
At 1 April 2012	4,983	79	5,400	10,462
Charged for the year	416	6	900	1,322
Elimination on disposal of subsidiaries (Note 38(a))	(5,399)	(85)	(6,300)	(11,784)
At 31 March 2013	–	–	–	–
CARRYING VALUES				
At 31 March 2013	–	–	–	–
At 31 March 2012	3,324	52	12,600	15,976

20. OTHER INTANGIBLE ASSETS (Continued)

Notes:

(a) The Group's registrations and patents were related to door products and timber panels ("Patents") which were acquired from Sundart Products Group Limited ("SPG") and Dongguan Sundart Timber Products Co., Limited ("DSTP"). SPG and DSTP are beneficially owned by Mr. Leung who gives him control over these companies.

(b) The Group's licenses represent various licenses and qualifications for building construction.

(c) The licenses, registrations and patents have been derecognised upon disposal of subsidiaries as set out in note 38(a).

The other intangible assets are amortised on a straight-line basis over 5 years.

21. INTEREST IN AN ASSOCIATE

As at 31 March 2013 and 2012, the Group had interests in the following associates:

Name of entity	Form of business structure	Place/ country of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Group 2013	2012	Profit sharing 2013	2012	Proportion of voting power held in the board of directors 2013	2012	Principal activity
Sundart Holdings	Incorporated	British Virgin Islands ("BVI")	Hong Kong	Ordinary	15%	–	15%	–	20% (note a)	–	Investment holding
Sundart Timber	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	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 ("Kin Shing")	Incorporated	Hong Kong	Hong Kong	Ordinary	15% (note b)	–	15%	–	20%	–	Construction and civil engineering works
Kailong REI Holdings Limited	Incorporated	BVI	The PRC	Ordinary	– (note c)	29.36%	–	29.36%	–	29.36%	Investment holding

Notes:

(a) The Group is able to exercise significant influence over Sundart Holdings because it has power to appoint one out of five directors of Sundart Holdings pursuant to the shareholders' agreement that was entered among the Company, the Purchaser (as defined in note 38(a)) and Sundart Holdings upon completion of the Disposal (as defined in note 38(a)).

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

(c) The Group had diluted its interest in this entity upon the completion of the Restructuring and Rights Issue (as defined in note 36) on 30 July 2012 and lost significant influence.

21. INTEREST IN AN ASSOCIATE (Continued)

	2013 HK$'000	2012 HK$'000
Cost of investment in an unlisted associate	67,625	20,771
Share of post-acquisition profits and other comprehensive income	11,828	2,830
	79,453	23,601

As at 31 March 2013, goodwill of approximately HK$3,397,000 (2012: HK$8,288,000) is included in the cost of investment in an associate.

Upon completion of disposal of 85% equity interest in Sundart Holdings (as detailed in note 38(a)), the financial year end date for Sundart Holdings has been changed from 31 March to 31 December to coincide the financial year end of the new owner. For the purpose of applying the equity method of accounting, the consolidated financial statements of Sundart Holdings for the year ended 31 December 2012 have been used. The directors of the Company consider Sundart Holdings has no significant transaction between 31 December 2012 and 31 March 2013 nor there is material change of the net assets and profit from 31 December 2012 to 31 March 2013 that have significant financial impact to the Group and requires adjustment.

The summarised financial information in respect of the Group's associate is set out below:

	2013 HK$'000	2012 HK$'000
Total assets	1,496,313	129,898
Total liabilities	(989,268)	(77,744)
Net assets	507,045	52,154
Group's share of net assets of the associate	76,056	15,313

	Year ended 31 March 2013 HK$'000	Year ended 31 March 2012 HK$'000
Total revenue	1,453,972	66,042
Total profit for the year	76,658	7,903
Total other comprehensive income	2,981	795
Group's share of profit and other comprehensive income of the associate for the year	11,317	2,554

22. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2013 HK$'000	2012 HK$'000
Unlisted investment in an investee measured at fair value	121,720	–
Unlisted fund investments measured at fair value	131,806	15,611
	253,526	15,611

The unlisted investment in an investee represents equity investment in Bestlinkage (as defined in note 37). Bestlinkage is principally engaged in investment property holding in the PRC.

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

23. PROPERTIES UNDER DEVELOPMENT FOR SALE

	HK$'000
AT COST	
At 1 April 2011	336,472
Additions during the year	444,883
At 31 March 2012	781,355
Additions during the year	389,736
at 31 March 2013	1,171,091

As at 31 March 2013, properties under development for sale of HK$974,730,000 (2012: nil) were expected to be realised within twelve months from the end of the reporting period and the remaining balance of HK$196,361,000 (2012: HK$781,355,000) were expected to be realised after twelve months from the end of the reporting period. All properties under development for sale were situated in Hong Kong under medium term lease and were pledged to secure bank borrowings granted to the Group. Details are set out in note 31.

24. INVENTORIES

	2013 HK$'000	2012 HK$'000
At cost:		
Raw materials	–	26,007
Work-in-progress	–	7,304
Finished goods	12,745	2,590
	12,745	35,901

25. AMOUNT DUE FROM A RELATED COMPANY

	2013 HK$'000	2012 HK$'000
Trade receivable:		
– Giant World Corporation Limited ("Giant World") (Note)	–	2,100

Note: This is a company in which Mr. Chan has beneficial interest that gives him significant influence over this company.

The Group allows an average credit period of 30 days to its trade receivables due from a related company. The amount was unsecured, interest free and repayable within credit period granted.

As at 31 March 2012, the trade receivable due from a related company of HK$2,100,000 were past due at the end of the reporting period for which the Group had not provided for impairment loss and the amount was settled during the current year.

26. OTHER FINANCIAL ASSETS

Trade and other receivables, bills receivable and retentions receivable at the end of the reporting period comprise receivables from third parties as follows:

Trade and other receivables

	2013 HK$'000	2012 HK$'000
Trade receivables	64,541	143,202
Other receivables, prepayments and deposits	32,592	67,097
	97,133	210,299
Less: non-current balances	(14,340)	–
Current balances	82,793	210,299

Trade receivables

The Group allows an average credit period of 75 days (2012: 30 days) to its trade customers, and service invoice for asset, investment and fund management services are due upon issue. The following is an aged analysis of trade receivables presented based on invoice date at the end of the reporting period:

	2013 HK$'000	2012 HK$'000
1-30 days	34,367	109,910
31-60 days	22,536	26,035
61-90 days	103	1,704
Over 90 days	7,535	5,553
	64,541	143,202

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.

26. OTHER FINANCIAL ASSETS (Continued)

Trade receivables (Continued)

As at 31 March 2013, included in the Group's trade receivable balances are receivables with aggregate carrying amount of approximately HK$7,663,000 (2012: HK$21,653,000) which were past due at the end of the reporting period for which the Group has not provided for impairment loss as these balances were either subsequently settled or there has not been a significant change in credit quality and the amounts are still considered recoverable. Accordingly, the directors believe that no impairment is required. The Group does not hold any collateral over these balances.

Ageing of trade receivables which were past due but not impaired:

	2013 HK$'000	2012 HK$'000
Overdue		
1-30 days	1,895	15,155
31-60 days	92	3,001
61-90 days	36	91
Over 90 days	5,640	3,406
	7,663	21,653

Other receivables, prepayments and deposits

Other than the non-current portion of HK$14,340,000, other receivables comprise receivables from third parties and deposits paid to suppliers and are unsecured, interest free and recoverable within one year. All balances were neither past due nor impaired as at 31 March 2013 and 2012.

Non-current balances

	2013 HK$'000	2012 HK$'000
Deposit paid for acquisition of other intangible assets	4,609	–
Loan receivables	9,731	–
	14,340	–

Loan receivables are unsecured, interest bearing at 1.24% per annum and the directors expect these balances are recoverable after two years from the end of the reporting period.

Bills receivable

As at 31 March 2012, all bills receivable was aged within 90 days.

Retentions receivable

	2013 HK$'000	2012 HK$'000
Retentions receivable which:		
– will be recovered within twelve months	–	77,782
– will be recovered more than twelve months after the end of the reporting period	–	51,220
	–	129,002

26. OTHER FINANCIAL ASSETS (Continued)

Amounts due from an associate and an investee

Amounts due from an associate and an investee are unsecured, interest free and are repayable on demand. The investee is Bestlinkage (as defined in note 37).

The Group's trade and other receivables, bills receivable and retentions receivable denominated in foreign currencies of the group entities are as follows:

	2013 HK$'000	2012 HK$'000
Trade receivables		
Denominated in:		
HKD (against MOP)	–	853
USD (against HKD)	–	2,647
Other receivables		
Denominated in:		
HKD (against MOP)	–	107
RMB (against HKD)	–	136
HKD (against RMB)	–	2,952
USD (against HKD)	11,475	–
Bills receivable		
Denominated in:		
HKD (against MOP)	–	216
USD (against HKD)	–	1,292
Retentions receivable		
Denominated in:		
HKD (against MOP)	–	455

27. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

	2013 HK$'000	2012 HK$'000
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised losses	–	4,131,343
Less: Progress billings	–	(3,765,726)
	–	365,617
Analysed for reporting purposes as:		
Amounts due from contract customers	–	379,385
Amounts due to contract customers	–	(13,768)
	–	365,617

27. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK (Continued)

The Group's retentions held by customers and advances received from customers for contract work were as follows:

	2013 **HK$'000**	2012 HK$'000
Retentions receivable for contract work		
External customers (included in retentions receivable)	**–**	129,002
Advances received for contract work		
External customers (included in trade and other payables)	**–**	18,589

28. RESTRICTED BANK BALANCES

As at 31 March 2013, the balances represent (a) HK$149,022,000 in the stakeholders account in relation to the sales deposits received from the pre-sale of the properties under development, Rykadan Capital Tower, which is kept by an independent lawyer, pursuant to an stakeholders agreement dated 25 October 2012 ("Stakeholders Agreement") and (b) HK$27,661,000 in an escrow account kept by an independent escrow agent, pursuant to the SP Agreement (as defined in note 37), for the acquisition of assets and liabilities through acquisition of a subsidiary (see note 37 for details). As at 31 March 2013, these balances were interest bearing at prevailing market interest rate and have not been released in accordance with the relevant terms and condition as set out in the Stakeholders Agreement and SP Agreement.

The Group's restricted bank balance denominated in foreign currency of the relevant group entities are as follows:

	2013 **HK$'000**	2012 HK$'000
Restricted bank balance		
Denominated in HKD (against RMB)	**27,661**	–

29. BANK BALANCES AND CASH

Bank balances carry interest at prevailing market interest rates.

As at 31 March 2013, the bank balances amounting to approximately HK$10,791,000 (2012: HK$78,294,000) are denominated in RMB which is not freely convertible into other currencies.

The Group's bank balances and cash denominated in foreign currencies of the relevant group entities are as follows:

	2013 **HK$'000**	2012 HK$'000
Bank balances and cash		
Denominated in:		
HKD (against MOP)	**–**	5,192
USD (against HKD and MOP)	**10,183**	17,961
USD (against RMB)	**70,380**	–
RMB (against HKD)	**–**	478
HKD (against RMB)	**1,158**	22,527
RMB (against MOP)	**–**	9
Euro (against HKD)	**30**	37
GBP (against HKD)	**–**	1,664
HKD (against USD)	**–**	1,000

30. OTHER FINANCIAL LIABILITIES

Trade and other payables at the end of the reporting period comprise amounts outstanding for trade purposes and daily operating costs. The average credit period taken for trade purchase is 30 days.

	2013 HK$'000	2012 HK$'000
Trade and other payables		
Contract creditors and trade suppliers	5,019	166,169
Retentions payable	1,009	73,400
	6,028	239,569
Other payables	12,094	25,415
Consideration payable for acquisition of a subsidiary (Note 37)	39,188	–
Trade and other payables classified as financial liabilities	57,310	264,984
Non-financial liabilities		
Advances received from customers	3,105	73,890
Other non-financial liabilities	1,090	7,939
Total	61,505	346,813

As at 31 March 2013, all retentions payable are expected to be paid within one year. As at 31 March 2012 retentions payable of approximately HK$27,623,000 were expected to be paid after one year.

The Group's trade and other payables denominated in foreign currencies of the relevant group entities are as follows:

	2013 HK$'000	2012 HK$'000
Trade and other payables		
Denominated in:		
HKD (against MOP)	–	12,113
HKD (against RMB)	110	–
USD (against HKD)	554	1,238
USD (against RMB)	–	–
RMB (against HKD)	–	1,104
RMB (against MOP)	–	3,765
HKD (against USD)	–	158
Euro (against HKD)	603	–

30. OTHER FINANCIAL LIABILITIES (Continued)

The aged analysis of contract creditors and suppliers (presented based on invoice date at the end of the reporting period) is stated as follows:

	2013 HK$'000	2012 HK$'000
Trade payables:		
1-30 days	1,965	142,537
31-60 days	111	12,761
61-90 days	69	1,352
Over 90 days	2,874	9,519
	5,019	166,169

Deposits received from sale of properties under development

The amounts are expected to be realised within twelve months.

Bills payable

All bills payable is aged (presented based on invoice date at the end of the reporting period) within 30 days and is denominated in Euro, currency other than the functional currency of the relevant group entity.

Amount due to an associate

	2013 HK$'000	2012 HK$'000
Contract creditor	36,180	–
Retentions payable	11,429	–
	47,609	–

The contract creditor is within the credit period of 30 days. The retentions payable is expected to be paid after one year.

31. BANK BORROWINGS

	2013 HK$'000	2012 HK$'000
Secured bank borrowings	**387,207**	436,535
Unsecured bank borrowings		
– bank loans	**–**	95,324
– trust receipt loans	**13,888**	29,644
	13,888	124,968
	401,095	561,503
Carrying amount repayable:		
Within one year	**304,125**	63,880
More than one year, but not exceeding two years	**–**	458,771
More than two years, but not more than five years	**96,970**	38,852
	401,095	561,503
Less: Amounts due within one year shown under current liabilities	**(304,125)**	(63,880)
Amounts shown under non-current liabilities	**96,970**	497,623

As at 31 March 2013, the bank borrowings are variable-rate borrowings which bear interest at 2.0% to 2.5% (2012: 1.2% to 2.35%) per annum over the Hong Kong Interbank Offer Rate and interest is repriced every one to three months. At 31 March 2013, the weighted average effective interest rate (which is also equal to contracted interest rate) is 2.70% (2012: 2.45%) per annum. As at 31 March 2013, other than a bank borrowing of HK$13,888,000 (2012: nil) is denominated in Euro, currency other than the functional currency of relevant group entity, other bank borrowings are denominated in the functional currency of the relevant group entity.

As at 31 March 2013, bank borrowing of approximately HK$13,888,000 that are repayable within one year from the end of the reporting period contains a repayable on demand clause.

As at 31 March 2013 and 2012, all of the Group's properties under development were pledged to secure the Group's banking facilities.

32. LOANS FROM NON-CONTROLLING SHAREHOLDERS

Amounts of approximately HK$104,627,000 (2012: HK$98,212,000) are unsecured, interest free and are repayable after settlement of a bank borrowing granted to Vital Success Development Limited, a non-wholly owned subsidiary of Wit Legend Investments Limited ("Wit Legend") (see note 39 for details of partial disposal of 35% interests in Wit Legend). The bank borrowing is repayable in January 2014.

According to the shareholders' agreement entered between the Group and the two non-controlling shareholders of Wit Legend on 24 June 2011, the board of directors of Wit Legend may request all shareholders of Wit Legend to provide interest free loans in accordance with their respective shareholding ratios. During the current year, the non-controlling shareholders advanced further interest free loans of HK$3,150,000 (2012: HK$53,795,000 and the sale of shareholder's loan of HK$50,311,000 payable to the Group to the two non-controlling shareholders of Wit Legend (as set out in note 39)) to Wit Legend. Fair value adjustments at effective interest rate of 4.1% (2012: 3.2%) per annum on these additional interest free loans are made at initial recognition and are recognised in equity as deemed capital contribution from non-controlling shareholders. As at 31 March 2013, the aggregate principal amount of the loans from non-controlling shareholders of Wit Legend is HK$107,256,000 (2012: HK$104,106,000).

The remaining loans from non-controlling shareholders of HK$50,152,000 (2012: nil) are unsecured, interest free and are repayable on demand.

During the year ended 31 March 2013, finance costs of HK$4,229,000 (2012: HK$2,246,000) were recognised of which imputed interest of HK$3,641,000 (2012: HK$2,246,000) is capitalised in properties under development for sale.

33. DEFERRED TAXATION

The following is the major deferred tax liabilities recognised and movements thereon during the current and prior year:

	Revaluation of properties HK$'000	Fair value gain on available-for-sale investments HK$'000	Total HK$'000
At 1 April 2011	399	–	399
Exchange adjustments	24	–	24
Charged to property revaluation reserve	478	–	478
Charged to profit or loss	121	–	121
At 31 March 2012	1,022	–	1,022
Eliminated on disposal of subsidiaries (Note 38(a))	(1,018)	–	(1,018)
Acquisition of subsidiaries (Note 36)	–	4,868	4,868
Charged to other comprehensive income	–	13,070	13,070
Exchange adjustments	(4)	1	(3)
At 31 March 2013	–	17,939	17,939

For the year ended 31 March 2013, deferred taxation represents the temporary differences between the carrying amounts of the available-for-sale investments and the corresponding tax bases.

For the year ended 31 March 2012, deferred taxation represents the temporary differences between the carrying amounts of the property situated in the PRC and the corresponding tax base.

Under the EIT Law and Implementation Regulation of the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$6,020,000 (2012: nil) 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.

At the end of the reporting period, the Group had unused estimated tax losses of approximately HK$53,280,000 (2012: HK$8,959,000) available for offset against future profits. Included in the tax losses at 31 March 2013 are HK$33,864,000 attributable to subsidiaries acquired during the year (Note 36). No deferred tax asset has been recognised in respect of the unrecognised estimated tax losses due to unpredictability of future profit streams. Included in unrecognised estimated tax losses are losses of approximately HK$28,053,000 (2012: HK$4,760,000) that will expire on various dates up to 2017 as set out below. Other losses of approximately HK$25,227,000 (2012: HK$4,199,000) may be carried forward indefinitely.

	2013 HK$'000	2012 HK$'000
Expired in:		
2013	**–**	2,525
2014	**24,298**	–
2015	**–**	2,095
2016	**–**	140
2017	**3,755**	–
	28,053	4,760

34. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary share of HK$0.01 each		
Authorised:		
At 1 April 2011, 31 March 2012 and 31 March 2013	1,000,000,000	10,000
Issued and fully paid:		
At 1 April 2011	480,000,000	4,800
Shares repurchased and cancelled	(2,553,000)	(26)
At 31 March 2012 and 31 March 2013	477,447,000	4,774

There was no movement in share capital of the Company during the current year.

During the year ended 31 March 2012, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	No. of ordinary shares of HK$0.01 each	Price per share Lowest HK$	Price per share Highest HK$	Aggregate consideration paid HK$'000
September 2011	1,751,000	1.22	1.27	2,220
October 2011	802,000	1.15	1.15	929
	2,553,000			3,149

The above shares were cancelled.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

35. CONTINGENT LIABILITIES

As at 31 March 2013, the Company has issued financial guarantees, for a period within one year from the completion of the Disposal (as defined in note 38(a)), to banks in respect of banking facilities granted to an associate. The aggregate amounts that could be required to be paid if the guarantees were called upon in entirety amounted to approximately HK$460,000,000, of which approximately HK$90,447,000 has been utilised by the associate as at 31 March 2013. In the opinion of the directors of the Company, no material liabilities will arise from the above guarantees as at 31 March 2013 and the fair value of the financial guarantees is estimated to be insignificant.

36. ACQUISITION OF SUBSIDIARIES

On 11 July 2012, Talent Step Investments Limited ("Talent Step"), an indirectly wholly owned subsidiary of the Company, entered into: (i) a restructuring agreement with Good Grace Investments Limited, Borrison (B.V.I.) Limited, independent third parties to the Group, and Kailong REI Holdings Limited ("KLR Holdings"), the then associate of the Company, in respect of the restructuring of KLR Holdings and KLR Hong Kong (the "Restructuring"); (ii) a subscription agreement with other shareholders of KLR Hong Kong in relation to the rights issue of KLR Hong Kong (the "Rights Issue"); and (iii) the shareholders' deed (the "Shareholders' Deed") with the other shareholders of KLR Hong Kong and KLR Hong Kong in respect of the matters relating to, among others, the management of KLR Hong Kong.

Following the completion of the Restructuring and the Rights Issue, the Group's effective equity interest in KLR Hong Kong increased from approximately 15.86% to 41.07%. KLR Holdings became inactive and were disposed of subsequent to the completion of the Restructuring and the Rights Issue. 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. Accordingly, KLR Hong Kong had become an indirectly non-wholly owned subsidiary of the Company at the date of completion of the Restructuring and the Rights Issue on 30 July 2012.

This acquisition has been accounted for using the acquisition method of accounting. The total cash consideration for this acquisition was US$8,900,000 (equivalent to approximately HK$69,149,000). The primary reason for the acquisition of KLR Hong Kong is to expand a new business segment of the Group. The amount of goodwill arising as a result of the acquisition was approximately HK$27,934,000. Goodwill arose in the acquisition of KLR Hong Kong because the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies in expanding the market of the asset, investment and fund management business. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Assets and liabilities recognised at the date of acquisition

	Fair value HK$'000
Property, plant and equipment	1,484
Available-for-sale investments	81,513
Trade and other receivables	22,979
Bank balances and cash	46,810
Trade and other payables	(10,846)
Deferred taxation	(4,868)
Net assets at the date of acquisition	137,072

The fair value as well as the gross contractual amounts of the trade and other receivables acquired amounted to HK$22,979,000 at the date of acquisition. Based on the best estimate at acquisition date, none of the contractual cash flows from these trade and other receivables are not expected to be collected.

Non-controlling interests

The non-controlling interests (58.93%) in KLR Hong Kong recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of KLR Hong Kong and amounted to HK$80,777,000.

36. ACQUISITION OF SUBSIDIARIES (Continued)

Goodwill arising on acquisition

	HK$'000
Cash consideration	69,149
Fair value of interest in an associate (KLR Holdings) deemed disposed of	15,080
Non-controlling interests	80,777
Less: recognised amount of identifiable net assets acquired	(137,072)
Goodwill arising on acquisition	27,934

Net cash outflow arising on acquisition

	HK$'000
Consideration paid in cash	69,149
Less: Cash and cash equivalents acquired	(46,810)
	22,339

Included in the loss for the year from continuing operations is a profit of HK$1,997,000 attributable to the additional business generated by KLR Hong Kong and its subsidiaries. Revenue for the year includes HK$30,430,000 generated from KLR Hong Kong and its subsidiaries.

Had the acquisition been completed on 1 April 2012, total Group revenue from continuing operation for the year would have been HK$163 million, and loss for the year from continuing operation would have been HK$36 million. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2012, nor is it intended to be a projection of future results.

37. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY

On 1 August 2012, Best Key Holding Limited ("Best Key"), a wholly owned subsidiary of the Company, China Real Estates Investment Holdings Limited, an independent third party to the Group, KLR Hong Kong and Kings Haul Limited ("Kings Haul"), non-wholly owned subsidiaries of the Company, had entered into the Kings Haul shareholders agreement setting out, amongst others, the manner of management of and shareholders' financial commitments to Kings Haul. On the same date, Kings Haul and Fine Elite Holdings Limited ("Fine Elite"), an independent third party, had entered into share purchase agreement ("SP Agreement") in relation to 70% equity interest in Power City Investment Limited ("Power City") at a cash consideration of approximately RMB 58,097,000 (equivalent to approximately HK$71,334,000) (the "Acquisition").

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

37. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY (Continued)

In addition, pursuant to the SP Agreement, Fine Elite has agreed to grant to Kings Haul an option to have Fine Elite buy back the 70% equity interest in Power City from Kings Haul ("Share Buyback Option") for an amount equivalent to RMB58,097,000. Kings Haul shall be entitled to exercise the Share Buyback Option at any time in the event that there is no Buy-Out Completion or Power City fails to undertake the Buy-Out such that Power City fails to become the registered and beneficial owner of 100% equity interest of Bestlinkage within seven months commencing from the date of Acquisition Completion. As at 31 March 2013, the directors consider the fair value of the Share Buyback Option is insignificant.

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.

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 HK$39,188,000) in relation to the acquisition of 70% equity interest in Power City even if the Company chooses not to exercise the Share Buyback Option in the case when Buy-Out was not completed in accordance with the terms and conditions as set out in the SP Agreement.

The Group recognised the 76% equity investment in Bestlinkage as available-for-sale equity investment – investment in an investee.

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 equity investments in Bestlinkage. Bestlinkage owned investment properties located in Shanghai. Therefore, the Acquisition has been accounted for as an acquisition of assets and liabilities through acquisition of a subsidiary.

	HK$'000
Consideration paid in cash	32,183
Consideration payable to Fine Elite	39,151
Total consideration	71,334

Assets acquired and liabilities recognised at date of Acquisition Completion are as follows:

	HK$'000
Available-for-sale investment – investment in an investee	115,801
Bank balances and cash	11
Other payables	(13,906)
Net assets acquired	101,906
Less: Non-controlling interests	(30,572)
	71,334

37. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY (Continued)

	HK$'000
Net cash outflow on the Acquisition	
Cash consideration paid	32,183
Less: Cash and cash equivalents acquired	(11)
	32,172

Non-controlling interests

The non-controlling interest (30%) in Power City recognised at the Acquisition Completion date was measured by reference to the proportionate share of recognised amounts of net assets of Power City and amounted to HK$30,572,000.

38. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Sundart Holdings

On 16 May 2012, the Group entered into a sales and purchase agreement with an independent third party (the "Purchaser"), to dispose of 85% equity interest in Sundart Holdings, the then wholly owned subsidiary of the Company, for a cash consideration of HK$493,000,000 (the "Disposal"). Upon the completion of the Disposal on 26 June 2012, Sundart Holdings and its subsidiaries ceased to be subsidiaries of the Group. However, the Group is able to exercise significant influence over Sundart Holdings because it has the power to appoint one out of five directors of Sundart Holdings pursuant to the shareholders' agreement that was entered among the Company, the Purchaser and Sundart Holdings upon completion of the Disposal. Accordingly, the remaining 15% equity interest in Sundart Holdings had been accounted for as interest in an associate in the consolidated financial statements under equity method of accounting.

The assets and liabilities of Sundart Holdings at the date of disposal were as follows:

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

38. DISPOSAL OF SUBSIDIARIES (Continued)

(a) Disposal of Sundart Holdings (Continued)

	HK$'000
Net cash inflow arising on disposal:	
Cash consideration received	493,000
Bank balances and cash disposed of	(141,955)
	351,045

The impact of Sundart Holdings and its subsidiaries on the Group's results and cash flows in the current and prior periods is disclosed in note 14.

(b) Disposal of Sundart Development Limited

On 31 August 2011, the Group entered into an agreement with Mr. Leung, the then executive director and chief operating officer of the Company, to dispose of entire issued share capital of Sundart Development Limited, which held the entire equity interest in Sundart Investments (Middle East) Limited and 47% equity interest in Sundart Interior Contracting (Middle East) LLC ("Sundart Interior") (collectively refer to as the "Disposal Group"), for a cash consideration of HK$4,400,000 after taking into account the waiver of loans HK$11,124,000 advanced by the Group to the Disposal Group. The disposal was completed on 31 August 2011 and control of the Disposal Group was passed to Mr. Leung. Upon the completion of the disposal, Sundart Development Limited and Sundart Investments (Middle East) Limited ceased to be indirect wholly owned subsidiaries of the Company and Sundart Interior ceased to be a jointly controlled entity of the Group which had been proportionate consolidated up to date of disposal.

	HK$'000
Cash received as total consideration received	4,400

The net assets of Sundart Development Limited to be disposed of at the date of disposal were as follows:

	HK$'000
Trade and other receivables	163
Bank balances and cash	10,942
Trade and other payables	(16)
Amount due to a jointly controlled entity	(5,327)
Net assets disposed of	5,762
Release of translation reserve upon disposal of subsidiaries	(6)
	5,756
Loss on disposal	(1,356)
Total consideration satisfied by cash	4,400
Net cash outflow arising on disposal:	
Cash consideration received	4,400
Bank balances and cash disposed of	(10,942)
Net outflow of cash and cash equivalents in respect of disposals of subsidiaries	(6,542)

38. DISPOSAL OF SUBSIDIARIES (Continued)

(b) Disposal of Sundart Development Limited (Continued)

During the period between 1 April 2011 and the date of disposal, the Disposed Group contributed loss of HK$578,000 to the Group's results. The Disposal Group did not have material effect on the Group's cash flow.

39. DISPOSAL OF PARTIAL INTEREST IN A SUBSIDIARY

On 14 June 2011, the Group entered into an agreement with two independent third parties, pursuant to which the Group has conditionally agreed to sell, and the two purchasers have conditionally agreed to purchase (i) 35% of the issued share capital of Wit Legend, and (ii) 35% of the shareholder's loan payable to the Group of HK$50,311,000, for an aggregate cash consideration of HK$87,850,000. The disposal was completed on 24 June 2011.

The disposal, without losing the Group's control over Wit Legend, was accounted for as equity transaction. The difference between the fair value of cash consideration received of HK$37,539,000 and 35% of net liabilities of HK$7,000 amounting to HK$37,546,000, was recognised directly in equity as other reserves and attributable to owners of the Company.

40. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2013 **HK$'000**	2012 HK$'000
Within one year	**8,331**	10,559
In the second to fifth years inclusive	**8,631**	5,221
	16,962	15,780

Leases for rented premises are negotiated for a period of one to three years with fixed rental.

The Group as lessor

Property rental income earned during the year ended 31 March 2012 was HK$361,000. As at 31 March 2012, the Group's investment property with a carrying amount of HK$6,785,000 was held for rental purposes. The property held has been derecognised upon disposal of subsidiaries during the year as set out in note 38(a).

As at 31 March 2012, the Group had contracted with tenant for the following future minimum lease payments:

	2012 HK$'000
Within one year	421
In the second to fifth inclusive	35
	456

41. CAPITAL COMMITMENTS

	2013 HK$'000	2012 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment and other intangible assets contracted for but not provided in the consolidated financial statements	**4,032**	89

42. PERFORMANCE BONDS AND ADVANCE PAYMENT BONDS

As at 31 March 2012, the Group had issued performance bonds and advance payment bonds in respect of supply and installation contracts through the banks amounting to approximately HK$153,340,000.

43. RETIREMENT BENEFITS PLANS

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes at the lower of HK$1,250 (HK$1,000 prior to 1 June 2012) or 5% of the relevant payroll costs to the scheme, which contribution is matched by employees.

The employees of the subsidiaries operated in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. Those subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits.

Eligible employees in Macau currently participate in a defined contribution pension scheme operated by the local government which is a fixed amount for each employee.

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 2013, the total costs charged to profit or loss are approximately HK$2,660,000 (2012: HK$3,306,000) representing contributions paid/payable to these plans by the Group in respect of approximately HK$3,415,000 (2012: HK$6,010,000) less contributions capitalised to contract works which are subsequently charged to cost of sales of approximately HK$755,000 (2012: HK$2,704,000).

44. RELATED PARTY TRANSACTIONS

Apart from the amounts due from a related company, an associate and an investee and amount due to an associate and loans from non-controlling shareholders as set out in notes 25, 26, 30 and 32, the Group had entered into the following significant transactions with its related companies:

	2013 HK$'000	2012 HK$'000
Revenue from fitting-out works for Giant World	–	4,200
Disposal of subsidiaries to Mr. Leung (note 38(b))	–	4,400
Management fee expense		
KLR Hong Kong (Note a)	1,340	4,020
Sundart International Supplies Limited (Note b)	68	–
Management fee income		
KLR Hong Kong (Note a)	1,114	3,344
Sundart Holdings (Note b)	146	–
Construction cost certified to Kin Shing (Note b)	152,107	–
Interest income from Sundart Timber (Note b)	1,443	–
Proceeds received on disposal of available-for-sale investments to KLR Hong Kong (Note a)	15,556	–

Notes:

(a) The amounts represent transactions made before KLR Hong Kong became a subsidiary of the Group during the year ended 31 March 2013.

(b) Kin Shing, Sundart International Supplies Limited and Sundart Timber were wholly owned subsidiaries of Sundart Holdings, which were disposed of by the Group during the year and became associates of the Group since then. The amounts represent transactions with these companies after the Group lost control in these companies.

Compensation of key management personnel

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

	2013 HK$'000	2012 HK$'000
Salaries and short-term benefits	24,811	23,675
Post-employment benefits	104	220
	24,915	23,895

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.

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries as at 31 March 2013 and 2012 are as follows:

Name of company	Place of incorporation/ establishment/ operations	Class of shares held	Fully paid-up issued/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2013 %	2012 %	Principal activities
Sundart Holdings	BVI	Ordinary	US$5,100	– (note a)	100%	Investment holding
Sundart Investments Limited*	Hong Kong	Ordinary	HK$1,000	– (note a)	100%	Investment holding
Sundart Timber*	Hong Kong	Ordinary	HK$46,510,000	– (note a)	100%	Investment holding and supply and installation of timber doors and floorsets and interior fitting-out works
Sundart Engineering & Contracting (Beijing) Limited*#	The PRC	Registered capital	HK$106,700,000	– (note a)	100%	Supply and installation of timber doors and floorsets and interior fitting-out works
Sundart Engineering Services (Macau) Limited*	Macau	Ordinary	MOP100,000	– (note a)	100%	Supply and installation of timber doors and floorsets and interior fitting-out works
Kin Shing*	Hong Kong	Ordinary	HK$17,800,000	– (note a)	100%	Construction and civil engineering works
Sundart Products Limited*	BVI	Ordinary	US$1	– (note a)	100%	Investment holding and leasing of intellectual properties
Sundart Living*	Hong Kong	Ordinary	HK$100	– (note a)	100%	Investment holding
DSTP*#	The PRC	Registered capital	HK$41,000,000	– (note a)	100%	Manufacturing of timber products
Sundart International Supply Limited*	Hong Kong	Ordinary	HK$10,000	– (note a)	100%	Sourcing and distribution of interior decorative materials
Sundart International Supply (Macau) Limited*	Macau	Ordinary	MOP25,000	– (note a)	100%	Sourcing and distribution of interior decorative materials
Grace United Development Limited*	Hong Kong	Ordinary	HK$1	– (note a)	100%	Supply and installation of timber doors and floorsets and interior fitting-out works

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of company	Place of incorporation/ establishment/ operations	Class of shares held	Fully paid-up issued/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2013 %	2012 %	Principal activities
Wit Legend*	BVI	Ordinary	US$100	65%	65%	Investment holding
Vital Success Development Limited*	Hong Kong	Ordinary	HK$1	65%	65%	Property development
Colorise Development Limited*	Hong Kong	Ordinary	HK$10,000	100% (note b)	–	Property holding
Win Expo Enterprises Limited*	Hong Kong	Ordinary	HK$10,000	100% (note b)	–	Property holding
KLR Hong Kong*	Hong Kong	Ordinary	USD6,928,270	39.74% (note c)	–	Asset, investment and fund management
Rykadan Management Services Limited*	Hong Kong	Ordinary	HK$10,000	100% (note b)	–	Provision of management service
Keen Access Holdings Limited*	Hong Kong	Ordinary	HK$10,000	80% (note b)	–	Property development
Power City*	Hong Kong	Ordinary	HK$47,599,891	70%	–	Investment holding
Yong Le Innovative Education (HK) Limited*	Hong Kong	Ordinary	HK$10,000	51% (note b)		Provision of educational service and software
北京永樂創新教育科技有限公司*#	The PRC	Registered capital	RMB500,000 (note b)	51% (note b)	–	Provision of educational service and software
深圳永樂創新教育科技有限公司*#	The PRC	Registered capital	RMB500,000 (note b)	51% (note b)	–	Provision of educational service and software
Q-Stone Building Materials Limited*	Hong Kong	Ordinary	HK$10,000 (note b)	100% (note b)	–	Trading of construction materials
格利來建材(北京)有限公司*#	The PRC	Registered capital	RMB5,000,000 (note b)	100% (note b)	–	Trading of construction materials
格利來建材(深圳)有限公司*#	The PRC	Registered capital	RMB500,000 (note b)	100% (note b)	–	Trading of construction materials

* These entities are indirectly held by the Company.

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

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Notes:

(a) These entities were subsidiaries of Sundart Holdings and were disposed of during the year (see note 38(a)).

(b) These entities were newly set up during the year ended 31 March 2013.

(c) 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.

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

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Details of the statement of financial position of the Company as at the end of the reporting period are as follows:

	2013 HK$'000	2012 HK$'000
Assets and liabilities		
Investment in an associate	**10,200**	–
Investments in subsidiaries, unlisted	**35,549**	103,548
Amounts due from subsidiaries	**647,594**	396,955
Prepayments, deposits and other receivables	**160**	4,008
Tax recoverable	**833**	–
Bank balances	**114,131**	100,106
Accrual and other payables	**(5,964)**	(734)
Tax payable	**–**	(764)
	802,503	603,119
Capital and reserves		
Share capital	**4,774**	4,774
Reserves (note)	**797,729**	598,345
	802,503	603,119

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

	Share premium HK$'000	Special reserve HK$'000	Accumulated profits HK$'000	Total HK$'000
At 1 April 2011	472,253	67,300	1,554	541,107
Profit for the year	–	–	125,033	125,033
Dividends paid (note 15)	–	–	(64,672)	(64,672)
Share repurchased and cancelled (note 34)	(3,123)	–	–	(3,123)
At 1 April 2012	469,130	67,300	61,915	598,345
Profit for the year	–	–	421,397	421,397
Dividends paid (note 15)	–	–	(222,013)	(222,013)
At 31 March 2013	469,130	67,300	261,299	797,729

47. EVENT AFTER THE REPORTING PERIOD

On 27 June 2013, Q-Stone Building Materials Limited, a wholly owned subsidiary of the Company, entered into a share option agreement with Fine China Limited, an independent third party to the Group. Details of which are set out in the announcement made by the Company dated 27 June 2013.

RESULTS

	Year ended 31 March				
	2009 HK$'000 (note a & b)	2010 HK$000 (note b)	2011 HK$'000 (note b)	2012 HK$'000 (restated)	**2013** **HK$'000**
Revenue from continuing operations	1,465,230	1,708,136	1,362,278	81,673	**156,422**
Loss for the year from continuing operations	N/A	N/A	N/A	(24,815)	**(29,481)**
Profit for the year from discontinued operations	N/A	N/A	N/A	134,380	**168,964**
Profit for the year	143,707	175,192	141,215	109,565	**139,483**
Profit (loss) for the year attributable to:					
Owners of the Company	143,707	175,192	141,215	109,602	**138,099**
non-controlling interests	–	–	–	(37)	**1,384**
	143,707	175,192	141,215	109,565	**139,483**

ASSETS AND LIABILITIES

	As at 31 March				
	2009 HK$'000 (note a)	2010 HK$000	2011 HK$'000	2012 HK$'000	**2013** **HK$'000**
Total assets	703,689	1,061,716	1,554,591	2,005,056	**2,092,482**
Total liabilities	440,212	280,144	693,260	1,046,382	**1,082,324**
	263,477	781,572	861,331	958,674	**1,010,158**
Equity attributable to owners of the Company	263,477	781,572	861,331	950,578	**865,036**
Non-controlling interests	–	–	–	8,096	**145,122**
	263,477	781,572	861,331	958,674	**1,010,158**

Notes:

(a) The Company was incorporated in the Cayman Islands on 27 April 2009 and became the holding company of the Group on 3 August 2009 as a result of a group reorganisation as set out in the prospectus dated 11 August 2009 ("Prospectus") issued by the Company.

The results of the Group for the year ended 31 March 2009 and the assets and liabilities of the Group as at 31 March 2009 have been prepared on a combined basis as if the Group structure, at the time when the Company's shares were listed on the Stock Exchange, had been in existence throughout the years concerned and have been extracted from the Prospectus.

(b) The results for each of the year ended 31 March 2009 to 2011 have not been represented for the operations discontinued in 2013.