

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



RYKADAN CAPITAL LIMITED

宏基資本有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2288)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2014**

FINANCIAL HIGHLIGHTS

	For the six-month period/year ended	
	30 September 2014	30 September 2013
	<u> </u>	<u> </u>
RESULTS:		
(Loss)/profit for the period from continuing operations (\$'000)	(9,554)	20,885
Profit for the period from discontinued operations (\$'000)	9,848	1,102
	<u> </u>	<u> </u>
Profit for the period from continuing and discontinued operations (\$'000)	294	21,987
	<u> </u>	<u> </u>
FINANCIAL INFORMATION PER SHARE:		
(Loss)/earnings per shares-Basic (HK Cents) - continuing operations	(2.0)	2.9
	<u> </u>	<u> </u>
	30 September 2014	31 March 2014
	<u> </u>	<u> </u>
Net assets per share (HK\$) (Net assets/number of issued ordinary shares of the Company)	2.38	3.00

INTERIM DIVIDEND:

The Board does not recommend the payment of an interim dividend for the six-month period ended 30 September 2014.

UNAUDITED INTERIM RESULTS

The board of directors (the “Board”) of Rykadan Capital Limited 宏基資本有限公司 (the “Company”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six-month period ended 30 September 2014 together with the unaudited comparative figures for the corresponding period ended 30 September 2013 as follows:

CONSOLIDATED INCOME STATEMENT FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2014 – UNAUDITED

(Expressed in Hong Kong dollars)

	<i>Note</i>	Six-month period ended 30 September	
		2014	2013
		\$'000	\$'000
		<i>(Re-presented)</i>	
Continuing operations			
Revenue	3	130,323	33,851
Cost of sales		(105,855)	(19,244)
Gross profit		24,468	14,607
Other revenue and other net income		9,618	385
Selling and marketing expenses		(3,366)	(1,950)
Administrative and other operating expenses		(76,577)	(29,941)
Gain on disposal of subsidiaries	14(c) & (d)	29,160	–
Loss from operations		(16,697)	(16,899)
Increase in fair value of investment properties	9(a)	7,625	39,491
Finance costs	4(a)	(4,002)	(994)
Share of profit of associates		9,412	11,155
Share of loss of a joint venture		(252)	–
(Loss)/profit before taxation		(3,914)	32,753
Income tax	5	(5,640)	(11,868)
(Loss)/profit for the period from continuing operations		(9,554)	20,885
Discontinued operations			
Profit for the period from discontinued operations	6	9,848	1,102
Profit for the period	4	294	21,987

		Six-month period ended	
		30 September	
	<i>Note</i>	2014	2013
		\$'000	\$'000
		<i>(Re-presented)</i>	
Profit/(loss) for the period attributable to:			
Equity shareholders of the Company			
– from continuing operations		(9,454)	13,989
– from discontinued operations		11,506	947
		<hr/> 2,052	<hr/> 14,936
Non-controlling interests			
– from continuing operations		(100)	6,896
– from discontinued operations		(1,658)	155
		<hr/> (1,758)	<hr/> 7,051
Profit for the period		<hr/> 294	<hr/> 21,987
Earnings/(loss) per share	<i>7</i>		
Basic:			
– Continuing operations		(2.0) cents	2.9 cents
– Discontinued operations		2.4 cents	0.2 cents
		<hr/> 0.4 cents	<hr/> 3.1 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2014 – UNAUDITED

(Expressed in Hong Kong dollars)

		Six-month period ended	
		30 September	
	<i>Note</i>	2014	2013
		\$'000	\$'000
Profit for the period		294	21,987
		-----	-----
Other comprehensive income for the period			
(after tax and reclassification adjustments):			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of foreign operations		156	1,742
– Share of translation reserve of associates		(341)	394
– Release of investment revaluation reserve upon disposal of subsidiaries	<i>14(b)</i>	(7,128)	–
– Release of translation reserve upon disposal of subsidiaries	<i>14(b)&(c)</i>	(75)	–
– Net change in fair value of available-for-sale investments		–	43,059
– Release of reserve upon deemed disposal of available-for-sale investments		–	(4,440)
		-----	-----
Other comprehensive income for the period		(7,388)	40,755
		-----	-----
Total comprehensive income for the period		(7,094)	62,742
		=====	=====
Comprehensive income for the period attributable to:			
Equity shareholders of the Company		(5,247)	30,816
Non-controlling interests		(1,847)	31,926
		-----	-----
Total comprehensive income for the period		(7,094)	62,742
		=====	=====

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Hong Kong dollars)

	<i>Note</i>	At 30 September 2014 (Unaudited) \$'000	At 31 March 2014 (Audited) \$'000
Non-current assets			
Investment properties	9	363,212	355,567
Fixed assets	9	57,908	52,434
Interest in associates		131,053	98,688
Interest in a joint venture		13,367	13,584
Available-for-sale investments	10	–	187,068
Goodwill		–	27,934
Other receivables and deposits		–	9,725
		<u>565,540</u>	<u>745,000</u>
Current assets			
Properties for sale		345,900	275,481
Inventories		85,752	91,181
Trade and other receivables	11	212,933	132,445
Amount due from a joint venture		2,175	2,034
Restricted cash and pledged deposits		–	851
Bank deposits and cash		580,818	957,847
		<u>1,227,578</u>	<u>1,459,839</u>
Current liabilities			
Trade and other payables	12	95,247	113,248
Bank loans	13	113,552	161,296
Loans from non-controlling shareholders		51,563	72,097
Amounts due to associates		53,093	38,808
Dividend payable		–	23,872
Taxation payable		173,563	181,913
		<u>487,018</u>	<u>591,234</u>
Net current assets		<u>740,560</u>	<u>868,605</u>
Total assets less current liabilities		<u>1,306,100</u>	<u>1,613,605</u>

	<i>Note</i>	At 30 September 2014 (Unaudited) \$'000	At 31 March 2014 (Audited) \$'000
Non-current liabilities			
Bank loans	13	155,852	161,974
Deferred tax liabilities		15,744	20,089
		<u>171,596</u>	<u>182,063</u>
NET ASSETS		<u>1,134,504</u>	<u>1,431,542</u>
CAPITAL AND RESERVES			
Share capital		4,774	4,774
Reserves		1,076,134	1,233,113
Total equity attributable to equity shareholders of the Company		1,080,908	1,237,887
Non-controlling interests		53,596	193,655
TOTAL EQUITY		<u>1,134,504</u>	<u>1,431,542</u>

NOTES TO THE UNAUDITED INTERIM RESULTS ANNOUNCEMENT

(Expressed in Hong Kong dollars unless otherwise indicated)

1. BASIS OF PREPARATION

These interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 27 November 2014.

These interim financial statements have been prepared in accordance with the same accounting policies adopted in the annual report for the year ended 31 March 2014, except for the changes in accounting policies as set out in note 2.

The preparation of the interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim results have not been audited or reviewed by the auditors pursuant to the Hong Kong Standards on Review Engagements 2410, *Review of Interim Financial Information performed by the independent auditor of the entity*, issued by the HKICPA.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group’s financial statements:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*
- Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*
- Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*

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

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

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

Amendments to HKAS 32, Offsetting financial assets and financial liabilities

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on the Group’s interim results as they are consistent with the policies already adopted by the Group.

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

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

2. CHANGES IN ACCOUNTING POLICIES (CON'T)

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

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

3. SEGMENT REPORTING

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

During the period, the Group disposed of its asset, investment and fund management segment which is presented as discontinued operations. Details are set out in notes 6 and 14(b).

Continuing operations

- Property development – This segment derives its revenue from repositioning and value enhancement of property with a focus on development projects in prime locations in Hong Kong, the People's Republic of China (the "PRC") and the United States of America (the "U.S.A.").
- Property investment and hospitality operations – This segment derives its revenue from leasing of premises within the Group's investment properties portfolio in the Greater China region and hospitality operation in Asia.
- Distribution of construction and interior decorative materials and educational products – This segment derives its revenue from distribution of (i) stone composite surfaces products in the PRC and a license to use the relevant trademark in connection therewith and (ii) educational products in Hong Kong and the PRC.

Discontinued operations

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

3. SEGMENT REPORTING (CON'T)

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

Segment results

For the six-month period ended 30 September 2014

	Continuing operations			Discontinued operations	Elimination	Consolidated
	Property development	Property investment and hospitality operations	Distribution of construction and interior decorative materials and educational products	Asset, investment and fund management		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
External revenue	–	1,413	128,910	15,601	–	145,924
Inter-segment	1,775	–	–	1,377	(3,152)	–
Total	1,775	1,413	128,910	16,978	(3,152)	145,924
Segment profit/(loss)	(781)	(8,414)	8,545	(4,392)	–	(5,042)
Corporate expenses						(21,119)
Corporate income						4,414
Gain on disposal of subsidiaries						43,353
Provision for other receivables						(28,455)
Increase in fair value of investment properties						7,625
Finance costs						(4,002)
Share of profit of associates						9,412
Share of loss of a joint venture						(252)
Profit before taxation						5,934

3. SEGMENT REPORTING (CON'T)

Information regarding the above operating and reportable segments is reported below. (con't)

Segment results (con't)

For the six-month period ended 30 September 2013

	Continuing operations			Discontinued operations	Consolidated \$'000
	Property development \$'000	Property investment and hospitality operations \$'000	Distribution of construction and interior decorative materials and educational products \$'000	Asset, investment and fund management \$'000	
Revenue	—	421	33,430	19,815	53,666
Segment profit/(loss)	(7)	(1,828)	5,262	2,450	5,877
Corporate expenses					(21,862)
Corporate income					312
Increase in fair value of investment properties					39,491
Finance costs					(994)
Share of profit of associates					11,155
Profit before taxation					33,979

4. PROFIT FOR THE PERIOD

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

	Six-month period ended	
	30 September	
	2014	2013
	\$'000	\$'000
	<i>(Re-presented)</i>	
(a) Finance costs		
<i>Continuing operations</i>		
Interests on bank loans	5,321	6,061
Imputed interests on loans from non-controlling shareholders	–	1,749
	<u>5,321</u>	<u>7,810</u>
Less: amounts capitalised (<i>Note</i>)	<u>(1,319)</u>	<u>(6,816)</u>
	<u><u>4,002</u></u>	<u><u>994</u></u>
 <i>Note:</i> Interest was capitalised at an average annual rate of 1.36% (six-month period ended 30 September 2013: 1.35%)		
(b) Other items		
<i>Continuing operations</i>		
Cost of inventories sold	105,855	19,244
Depreciation of fixed assets	2,193	557
(Gain)/loss on disposal of fixed assets	(4)	5
Gain on disposal of subsidiaries (<i>note 14(c) and (d)</i>)	(29,160)	–
Interest income	(4,363)	(201)
Net foreign exchange (gain)/loss	(4,090)	100
	<u><u>105,855</u></u>	<u><u>19,244</u></u>
 <i>Discontinued operations</i>		
Depreciation of fixed assets	94	152
Interest income	(47)	(72)
Net foreign exchange gain	(47)	(248)
	<u><u>94</u></u>	<u><u>152</u></u>

5. INCOME TAX

Six-month period ended
30 September
2014 2013
\$'000 **\$'000**
(Re-presented)

Continuing operations

Current tax

Hong Kong Profits Tax

– Provision for the period

– Over-provision in respect of prior year

1,712 –
(79) –

1,633 –

PRC Enterprise Income Tax

2,095 1,995

Other jurisdictions Enterprise Income Tax

6 –

3,734 1,995

Deferred tax

Origination and reversal of temporary differences

1,906 9,873

5,640 11,868

The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six-month period ended 30 September 2014.

No provision for Hong Kong Profits Tax was made for the six-month period ended 30 September 2013 as the entities comprising the Group that are subject to Hong Kong Profits Tax sustained a loss for taxation purposes.

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% (six-month period ended 30 September 2013: 25%) for the period.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

6. DISCONTINUED OPERATIONS

On 8 August 2014, the Group entered into a sale agreement to partially dispose of its 30% equity interests in Kailong Holdings Limited (“KLR Holdings”) that carried out all of the Group’s asset, investment and fund management operations (note 14(b)). Details of the disposal transaction were set out in the Company’s announcement dated on 8 August 2014.

The Group had decided to dispose of its equity interests in KLR Holdings as it intends to reallocate its capital into opportunities that offer better potential returns such as real estate investment opportunities. The financial results of KLR Holdings were classified and presented as a discontinued operations in accordance with Hong Kong Financial Reporting Standard 5, “*Non-current assets held for sale and discontinued operations*” (“HKFRS 5”). The disposal was completed on 27 September 2014, on which date the Group lost control in KLR Holdings.

The results of and profit from the discontinued operations for the period from 1 April 2014 to 27 September 2014 are analysed as follows:

	Period from 1 April 2014 to 27 September 2014 \$'000	Six-month period ended 30 September 2013 \$'000
Revenue	15,601	19,815
Cost of sales	<u>(12,539)</u>	<u>(10,746)</u>
Gross profit	3,062	9,069
Other revenue and other net income	674	687
Administrative and other operating expenses	<u>(8,081)</u>	<u>(8,530)</u>
(Loss)/profit before taxation	(4,345)	1,226
Income tax	<u>–</u>	<u>(124)</u>
(Loss)/profit for the period	(4,345)	1,102
Gain on disposal of discontinued operations	<u>14,193</u>	<u>–</u>
	<u>9,848</u>	<u>1,102</u>

The net cash flows incurred by the discontinued operations are as follows:

Net cash used in operating activities	(27,671)
Net cash generated from investing activities	<u>30,861</u>
Net cash inflows	<u>3,190</u>

7. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the (loss)/profit attributable to equity shareholders of the Company from continuing operations and discontinued operations of \$9,454,000 (loss) and \$11,506,000 respectively (six-month period ended 30 September 2013: \$13,989,000 and \$947,000 respectively) and the weighted average number of 477,447,000 ordinary shares in issue during both interim periods.

(b) Diluted earnings/(loss) per share

There are no potential diluted ordinary shares during the six-month period ended 30 September 2014 and 30 September 2013.

8. DIVIDEND

- (i) The Board does not recommend the payment of an interim dividend for the six-month period ended 30 September 2014 (six-month period ended 30 September 2013: 5 cents per share).
- (ii) Dividends payable to equity shareholders attributable to the previous financial year

	Six-month period ended 30 September	
	2014	2013
	\$'000	\$'000
Final dividend in respect of the previous financial year, of 32 cents per share (six-month period ended 30 September 2013: 5 cents per share)	152,783	23,872

9. INVESTMENT PROPERTIES AND FIXED ASSETS

(a) Investment properties

	2014 \$'000	2013 \$'000
At 1 April	355,567	–
Additions/Additions from acquisition of assets through acquisition of a subsidiary	65	300,238
Revaluation surplus	7,625	55,373
Exchange adjustments	(45)	(44)
	<u>363,212</u>	<u>355,567</u>
At 30 September 2014/31 March 2014	<u><u>363,212</u></u>	<u><u>355,567</u></u>

Valuation

The investment properties of the Group was revalued as at 30 September 2014 by an independent firm of surveyors, Roma Appraisals Limited, who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of the properties being valued. The fair value of the investment properties is determined using direct comparison approach by reference to recent sales price of comparable properties adjusted for a premium or a discount specific to quality of the Group's investment properties compared to the recent sales.

(b) Fixed assets

Disposals

During the six-month period ended 30 September 2014, fixed assets of \$1,461,000 were disposed of as a result of disposal of subsidiaries (note 14).

10. AVAILABLE-FOR-SALE INVESTMENTS

	At 30 September 2014 \$'000	At 31 March 2014 \$'000
Unlisted fund investments in the PRC	–	98,632
Unlisted equity securities in the PRC	–	88,436
	<u>–</u>	<u>187,068</u>
	<u><u>–</u></u>	<u><u>187,068</u></u>

The unlisted fund investments represent investment in funds in the PRC. These funds principally invest in real estate properties in the PRC. During the six-month period ended 30 September 2014, these unlisted fund investments and equity securities were disposed of through disposal of subsidiaries (note 14).

11. TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables) based on the invoice date, net of allowance for doubtful debts, is as follows:

	At 30 September 2014 \$'000	At 31 March 2014 \$'000
1-30 days	30,762	47,785
31-60 days	2,064	37,116
61-90 days	35,715	15,219
Over 90 days	22,604	5,388
	<u>91,145</u>	<u>105,508</u>

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

12. TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade and bills payables (which are included in trade and other payables) based on the invoice date is as follows:

	At 30 September 2014 \$'000	At 31 March 2014 \$'000
1-30 days	51,684	76,709
31-60 days	–	–
61-90 days	102	223
Over 90 days	457	1,202
	<u>52,243</u>	<u>78,134</u>

13. BANK LOANS

At 30 September 2014, bank loans and trust receipt loans were repayable as follows:

	At 30 September 2014 \$'000	At 31 March 2014 \$'000
Within 1 year or on demand	113,552	161,296
After 1 year but within 2 years	109,199	–
After 2 years but within 5 years	36,687	145,892
Over 5 years	9,966	16,082
	<u>269,404</u>	<u>323,270</u>

13. BANK LOANS (CON'T)

At 30 September 2014, bank loans and trust receipt loans were secured as follows:

	At 30 September 2014 \$'000	At 31 March 2014 \$'000
Secured bank loans	264,373	273,272
Unsecured bank loans		
– bank loans	–	15,000
– trust receipt loans	5,031	34,998
	<u>269,404</u>	<u>323,270</u>

- (a) At 30 September 2014, bank loans drawn in Hong Kong bear interest at rates ranging from 2.0% to 2.5% (31 March 2014: 2.0% to 2.5%) per annum over the Hong Kong Interbank Offer Rate (“HIBOR”) or London Interbank Offer Rate and interests are repriced every one to three months.
- (b) At 30 September 2014, bank loans drawn in the PRC bear interest at The People’s Bank of China Base Interest Rate per annum (31 March 2014: The People’s Bank of China Base Interest Rate per annum).
- (c) At 30 September 2014, the bank loans of \$101,323,000 (31 March 2014: \$149,066,000) that are repayable within one year from the end of the reporting period contains a repayable on demand clause.
- (d) At 30 September 2014, the banking facilities of certain subsidiaries of the Group were secured by mortgages over the investment properties, properties for sale and land and buildings held for own use with an aggregate carrying value of \$363,212,000 (31 March 2014: \$355,567,000), \$287,205,000 (31 March 2014: \$274,928,000) and \$46,772,000 (31 March 2014: \$47,485,000) respectively. Such banking facilities amounted to \$414,159,000 (31 March 2014: \$414,175,000) were utilised to the extent of \$264,373,000 at 30 September 2014 (31 March 2014: \$273,272,000).
- (e) Certain of the Group’s banking facilities are subject to the fulfilment of covenants relating to certain of the Group’s statement of financial position ratios. If the Group were to breach the covenants, the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants.

At 30 September 2014, none of the covenants relating to the drawn down facilities had been breached (31 March 2014: Nil).

14. ACQUISITION OF ADDITIONAL INTERESTS OF A SUBSIDIARY AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of additional interests of a subsidiary

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

14. ACQUISITION OF ADDITIONAL INTERESTS OF A SUBSIDIARY AND DISPOSAL OF SUBSIDIARIES (CON'T)

(b) Disposal of 30% interests in KLR Holdings

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

Upon the completion of the KLR Disposal, the Company’s indirect interests in the issued share capital of KLR Holdings decreased from approximately 39.74% to approximately 9.74%. Accordingly, the Company will no longer be able to exercise control over the board of directors of KLR Holdings. The KLR Disposal was completed on 27 September 2014 and KLR Holdings (together with its subsidiaries) was deconsolidated from the Group’s consolidated financial statements with effect from 27 September 2014. The remaining 9.74% equity interests of KLR Holdings was accounted for as interest in an associate in the consolidated financial statements under equity method of accounting.

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

As at 30 September 2014, the Purchasers had settled USD2,000,000 (equivalent to \$15,539,000). The outstanding amounts of the sales consideration and its interest, which are included in other receivables, deposits and prepayments, are determined by using a discount rate of 2.87%.

14. ACQUISITION OF ADDITIONAL INTERESTS OF A SUBSIDIARY AND DISPOSAL OF SUBSIDIARIES (CON'T)

(b) Disposal of 30% interests in KLR Holdings (con't)

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

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

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

Net cash outflow on the KLR Disposal	
Consideration received in cash for the period	15,539
Less: Cash and cash equivalents disposed of	(38,614)
	<hr/>
Net cash outflow on the KLR Disposal for the period	(23,075)
	<hr/> <hr/>

14. ACQUISITION OF ADDITIONAL INTERESTS OF A SUBSIDIARY AND DISPOSAL OF SUBSIDIARIES (CON'T)

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

On 31 July 2014, Vision Key Limited (“Vision Key”), a wholly-owned subsidiary of the Company, and Mr. So Wing Lok Jonathan (“Mr. So”) entered into an agreement pursuant to which Vision Key has agreed to dispose of all its 51% equity interests in Wing Lok at a consideration of \$15,000,000. The transaction was completed on 31 July 2014.

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

As at 30 September 2014, Mr. So had settled \$2,500,000. The outstanding amounts of the sales consideration and its interest, which are included in other receivables, deposits and prepayments, is determined by using a discount rate of 2.87%. Furthermore, provision for the advances to the WL Group has been recognised in administrative and other operating expenses.

Net liabilities of the WL Group as at the date of disposal were as follows:

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

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

Net cash inflow on disposal	
Consideration received in cash for the period	2,500
Less: Cash and cash equivalents disposed of	(1,650)
	<hr/>
Net cash inflow on disposal for the period	850
	<hr/> <hr/>

14. ACQUISITION OF ADDITIONAL INTERESTS OF A SUBSIDIARY AND DISPOSAL OF SUBSIDIARIES (CON'T)

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

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

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

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

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

Net cash inflow on disposal	
Consideration received in cash for the period	47,961
Less: Cash and cash equivalents disposed of	(803)
	<hr/>
Net cash inflow on disposal for the period	47,158
	<hr/> <hr/>

15. COMPARATIVE FIGURES

As a result of the Group disposed of its asset, investment and fund management business and identified it as discontinued operations under HKFRS 5 as described in note 6, certain comparative consolidated interim results and the related notes have been re-presented so as to reflect the result of the continuing operations and discontinued operations.

BUSINESS AND FINANCIAL REVIEW

Overview

The six-month period ended 30 September 2014 saw the Group invest in the United States property sector for the first time as it sought to reallocate its capital into opportunities that offer better potential returns for shareholders. After disposing certain investments during the period, property investment will be the key focus area of our Group in the coming years. Similar to the Group's ongoing investments in Hong Kong and the People's Republic of China (the "PRC") property sectors, the new projects will continue to align with the Group's strategy of growing asset values and exiting within a three-to-five-year horizon.

During the interim period, the Group's investments included commercial and residential property developments in Hong Kong, the PRC and the United States of America (the "U.S.A."). It also invested in companies operating in the areas of hospitality; asset, investment and fund management; fitting-out; as well as in the distribution of interior decorative materials.

As of 30 September 2014, the Group's total assets were valued at HK\$1,793 million (31 March 2014: HK\$2,205 million), of which HK\$1,228 million (31 March 2014: HK\$1,460 million) were current assets, approximately 2.52 times (31 March 2014: 2.47 times) current liabilities. Equity attributable to the owners of the Company was HK\$1,081 million (31 March 2014: HK\$1,238 million).

Overall Performance

During the six months under review, the Group recorded consolidated revenue of HK\$130 million from business segments under continuing operations, up 285.0% compared to the corresponding period of last year (six-month period ended 30 September 2013: HK\$34 million). Gross profit for these segments was HK\$24 million (six-month period ended 30 September 2013: HK\$15 million).

Net profit for the period from continuing and discontinued operations was HK\$0.3 million. Profit attributable to equity shareholders of the Company was HK\$2 million.

Basic earnings per share from continuing operations for the six-month period ended 30 September 2014 was HK 2.0 cents (loss) (six-month period ended 30 September 2013: HK 2.9 cents).

The Board does not recommend the payment of an interim dividend for the six-month period ended 30 September 2014.

Material Acquisition and Disposal

In June 2014, the Group further acquired the remaining 20% equity interests of Centuria Global Limited (“Centuria Global”) and the shareholder’s loan owed to Core Elements Holdings Limited, the non-controlling shareholder of Centuria Global, at a consideration of HK\$2 million and HK\$22 million respectively. Upon the completion of the further acquisition, Centuria Global became a wholly-owned subsidiary of the Group (*For details, please refer to note 14(a) of interim results announcement*).

In July 2014, the Group sold 51% stake, the entire equity interests owned by the Group, in Wing Lok Innovative Education Organization Corporation (“Wing Lok”) to Mr. So Wing Lok Jonathan, the non-controlling shareholder of Wing Lok for a consideration of HK\$15 million (*For details, please refer to note 14(c) of interim results announcement*).

In August 2014, the Group sold 30% of its asset, investment and fund management business to the remaining shareholders of Kailong Holdings Limited (“KLR Holdings”), Good Grace Investments Limited, Borrison (B.V.I.) Limited, Coralland Limited, Water Ocean Limited and Mr. Roth, for a consideration of USD12 million. Upon completion of the disposal, the Group’s indirect interests in the issued share capital of KLR Holdings decreased from approximately 39.74% to approximately 9.74% (*For details, please refer to note 14(b) of interim results announcement*).

In August 2014, the Group disposed of all its 100% equity interests in Century Winner Inc. and the shareholder’s loan owed to the Group to Valour Power Limited, a company owned as to 50% by each of Mr. Chan William and his wife, at a consideration of USD60,000 and USD6,118,000 respectively (*For details, please refer to note 14(d) of interim results announcement*).

Investment Portfolio

As of 30 September 2014, the Group's bank deposits and cash was HK\$581 million (31 March 2014: HK\$958 million), representing 32.4% of the Group's total assets.

The following table shows the Group's investments as at 30 September 2014.

Real estate investments

Investment	Location	Type	Group interest	Status as of 30/9/2014	Total gross floor area	Total land area	Attributable gross floor/land area
Winston Project	1135 Winston Avenue, San Marino, CA 91108, the U.S.A.	Residential property	100%	Under planning	N/A	21,861 square feet	21,861 square feet
Oakland Project	491 & 497 South Oakland Avenue, Pasadena, CA 91101, the U.S.A.	Residential property	100%	Under planning	N/A	25,163 square feet	25,163 square feet
Kailong Nanhui Business Park	An industrial complex located at No. 2300 Xuanhuang Road, Huinan County, Pudong New District, Shanghai, PRC	Commercial property	59.1%	Refurbishment complete, being marketed to tenants	52,304 square metres	N/A	30,911 square metres
Kwun Chung Street Property Project	Kowloon Inland Lot No. 11229	Residential/commercial property	100%	Under construction	25,333 square feet	N/A	25,333 square feet
2702, 2802 and various car parking spaces of Rykadan Capital Tower	135 Hoi Bun Road, Kwun Tong, Kowloon	Commercial property	100%	Completed (classified as properties for sale)	13,467 square feet	N/A	13,467 square feet

Other investments

Investment	Business/type	Group interest
Q-Stone Building Materials Limited	Distribution of stone composite surfaces products	100%
Rykadan Hospitality Investment Pte. Ltd.	Investment in high potential hospitality and tourism related assets, including hotels and resorts, attractions, food and beverage businesses, and hospitality service training and education	100%
RS Hospitality Private Limited	A joint venture for operating a 24-suite resort in Bhutan	50%
Sundart Holdings Limited	Fitting-out contractor	15%
KLR Holdings	Asset, investment and fund management	9.74%

Summary of investments

United States properties

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

The Group is confident that property prices in Southern California are still well below their peak and that the upside potential for these investments is strong. It is currently in the initial stage of redeveloping the properties, with a view of materializing its investments within 2-3 years.

After the end of the reporting period, the Group has invested in two additional residential properties in Los Angeles County.

Kailong Nanhui Business Park

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

As of 30 September 2014, the occupancy rate of Kailong Nanhui Business Park was 10%. The Group will continue to target large, quality tenants and will consider off-loading the buildings at an appropriate time.

Kwun Chung Street Property Project

The Group plans to construct a 25-story tower with a total gross floor area of approximately 25,333 square feet on Kwun Chung Street in Kowloon's Jordan district, located near the planned terminus of the Guangzhou–Shenzhen–Hong Kong Express Rail Link. It is a wholly-owned project of the Group.

The planned building will primarily consist of boutique luxury apartments, with lower floors equal to approximately 4,237 square feet for commercial use. The Group plans to sell the entire building upon completion of the project, expected in mid-2016.

Rykadan Capital Tower

Located in the heart of Kwun Tong, Hong Kong's emerging second CBD, Rykadan Capital Tower is a 25-storey commercial tower with a gross floor area of 252,820 square feet, overlooking Victoria Harbour and within walking distance of the MTR.

The Group continues to retain two floors for its own use and for potential rental income. In November 2014, the Group has successfully leased out 2702 of Rykadan Capital Tower, which expects to generate a prospective rental income effective from December 2014.

Q-Stone Building Materials Limited (“Q-Stone”)

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

Q-Stone performed well in the six-month period ended 30 September 2014 with contracts on hand worth HK\$174 million to be completed in the coming years.

Rykadan Hospitality Investments Pte. Ltd. (“Rykadan Hospitality”)

Rykadan Hospitality is the Group's hospitality investment and management services arm, based in Singapore, and is a wholly-owned subsidiary of the Group. With its experienced management team, its key focus is to explore investment or management opportunity in hospitality and tourism related assets, including hotels and resorts, attractions, food and beverage businesses, and hospitality service training and education.

Rykadan Hospitality currently operates the Dhensa Punakha, a 24-suite resort located in Bhutan's Punakha Valley, an emerging high-end tourism destination which is our first showcase of our brand for managing luxury resorts and villas being planned in Asia.

Sundart Holdings Limited

As a leading fitting-out contractor in Hong Kong and Macau, Sundart Holdings Limited has continued to win new projects during the interim period.

KLR Holdings

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

Outlook

The Group believes that its recent investments in United States properties will diversify its investment portfolio and mitigate any possible slowdowns in Hong Kong and the PRC property sectors in the coming years. The Group expects global capital to continue to flow into the U.S.A., despite the conclusion of the Federal Reserve's quantitative easing program, as investors seek better returns in the context of weakening economic conditions in Europe and emerging markets including the PRC. The Group further expects much of this capital will flow into real estate, particularly in large cities such as Los Angeles.

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

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and Financial Resources

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

As at 30 September 2014, the Group's total debts (representing total interest-bearing bank borrowings) to total assets ratio was 15.0% (31 March 2014: 14.7%). The net gearing ratio (net debts, as defined by total debts less unrestricted bank balances and cash, to equity attributable to equity shareholders of the Company) was Nil (31 March 2014: Nil) as the Group has net cash of HK\$311 million as at 30 September 2014 (31 March 2014: net cash of HK\$635 million).

At 30 September 2014, the Group has total bank borrowings of HK\$269 million (31 March 2014: HK\$323 million). The bank borrowings of the Group were mainly to finance the retaining two floors of Rykadan Capital Tower, Kwun Chung Street Property Project and Kailong Nanhui Business Park. Of the total bank borrowings, the bank loans of HK\$264 million were secured by the properties for sales, investment properties and buildings held for own use of which HK\$97 million will be repayable upon sale of properties. Further costs for developing the Kwun Chung Street Property Project and the United States properties will be financed by unutilised banking facilities or internally generated funds.

The liquidity of the Group remains strong and healthy. As at 30 September 2014, the Group's current assets and current liabilities were HK\$1,228 million (31 March 2014: HK\$1,460 million) and HK\$487 million (31 March 2014: HK\$591 million) respectively. The Group's current ratio increased to 2.52 (31 March 2014: 2.47). The internally generated funds, together with unutilised banking facilities enable the Group to meet its business development needs.

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

Employees and Remuneration Policies

As at 30 September 2014, the total number of employees of the Group for continuing operations is 78 while that of the discontinued operation is 47 (30 September 2013: 124 employees in total). The Group offers an attractive remuneration policy and provides external training programmes which are complementary to certain job functions. Total remuneration for employees (including the directors' remuneration) was HK\$37 million for the period (30 September 2013: HK\$29 million).

As a result of awarding a competitive remuneration package to the employees as an incentive for the period, the total remuneration increased, compared to the six-month period ended 30 September 2013.

Contingent liabilities

At the end of the reporting period, the Company has issued guarantee to banks in respect of banking facilities granted to certain indirect wholly-owned subsidiaries of HK\$542,064,000 (31 March 2014: HK\$557,065,000). The banking facilities were utilised to the extent of HK\$259,632,000 (31 March 2014: HK\$332,593,000) as at 30 September 2014. The directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The Company has not recognised any deferred income in respect of these guarantees as their fair values cannot be reliably measured using observable market data and no transaction price was incurred.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six-month period ended 30 September 2014.

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 period.

Corporate Governance

During the period, 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.2.1 and A.6.7 of the CG Code, details of which are set out below:

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.

Under code provision A.6.7 of the CG Code, the independent non-executive directors should attend general meetings of the Company. One independent non-executive director was absent from the last annual general meeting held on 12 August 2014 due to other business commitments.

Directors' Securities Transactions

The Company has adopted a code for securities transactions by directors and employees (the “Securities Code”) with standards no less exacting than that of the Model Code set out in Appendix 10 of the Listing Rules. Having made specific enquiries, all directors and relevant employees of the Group confirmed that they have complied with the Securities Code and the Model Code during the interim reporting period.

Audit Committee Review

The Audit Committee, which comprises all of the three independent non-executive directors, namely Mr. Ho Kwok Wah, George (Chairman of the Audit Committee), Mr. To King Yan, Adam and Mr. Wong Hoi Ki, has reviewed with the management for the Group’s interim results for the period.

Publication of Interim Results Announcement

This interim results announcement is available for reviewing on the websites of the Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.rykadan.com>) and the interim report for the six-month period ended 30 September 2014 of the Company containing also the information required by the Listing Rules will be dispatched to the Company’s shareholders and published on the above websites in due course.

By Order of the Board
Rykadan Capital Limited
宏基資本有限公司
Chan William
Chairman and Chief Executive Officer

Hong Kong, 27 November 2014

As at the date of this announcement, the Board comprises Mr. Chan William (Chairman and Chief Executive Officer), Mr. Ng Tak Kwan, Mr. Yip Chun Kwok (Chief Financial Officer) as executive directors and Mr. To King Yan, Adam, Mr. Wong Hoi Ki and Mr. Ho Kwok Wah, George as independent non-executive directors