



RYKADAN CAPITAL LIMITED

宏基資本有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code : 2288)

Interim Report

2014



Contents

Corporate Information	2
Management Discussion and Analysis	3
Consolidated Income Statement	12
Consolidated Statement of Comprehensive Income	14
Consolidated Statement of Financial Position	15
Consolidated Statement of Changes in Equity	17
Consolidated Cash Flow Statement	19
Notes to the Unaudited Interim Financial Report	20
Corporate Governance and Other Information	46

Corporate Information

BOARD OF DIRECTORS

Executive Directors

CHAN William

(Chairman and Chief Executive Officer)

NG Tak Kwan

YIP Chun Kwok *(Chief Financial Officer)*

Independent Non-executive Directors

HO Kwok Wah, George

TO King Yan, Adam

WONG Hoi Ki

AUDIT COMMITTEE

HO Kwok Wah, George *(Chairman)*

TO King Yan, Adam

WONG Hoi Ki

REMUNERATION COMMITTEE

HO Kwok Wah, George *(Chairman)*

TO King Yan, Adam

WONG Hoi Ki

NOMINATION COMMITTEE

CHAN William *(Chairman)*

HO Kwok Wah, George

WONG Hoi Ki

COMPANY SECRETARY

YEUNG Man Yan, Megan

AUDITORS

KPMG

LEGAL ADVISORS

Woo, Kwan, Lee & Lo

北京德恒(福州)律師事務所

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited

The Hongkong and Shanghai

Banking Corporation Limited

Hang Seng Bank Limited

China Guangfa Bank Co., Ltd.

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 2701 & 2801

Rykadan Capital Tower

135 Hoi Bun Road, Kwun Tong, Kowloon

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company

(Cayman) Limited

4th Floor, Royal Bank House

24 Shedden Road

George Town

Grand Cayman, KY1-1110

Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

STOCK CODE

2288

COMPANY'S WEBSITE

www.rykadan.com

INVESTOR RELATIONS CONTACT

Instinctif Partners

26/F, Two Chinachem Plaza

68 Connaught Road Central

Hong Kong

Management Discussion and Analysis

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

Management Discussion and Analysis

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 18(a) to the interim financial report)*.

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 18(c) to the interim financial report)*.

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 18(b) to the interim financial report)*.

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 18(d) to the interim financial report)*.

Management Discussion and Analysis

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

Management Discussion and Analysis

Investment	Location	Type	Group interest	Status as of 30/9/2014	Total gross floor area	Total land area	Attributable gross floor/land area
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%

Management Discussion and Analysis

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 and 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-storey 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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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).

Management Discussion and Analysis

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.

Pledge of Assets

As at 30 September 2014, the Group had pledged investment properties, properties for sale and land and buildings held for own use to secure the general facilities of the Group. The aggregate carrying value of the pledged assets was HK\$697 million (31 March 2014: HK\$678 million).

Capital Commitments and Contingent liabilities

For capital commitments and contingent liabilities, please refer to notes 16 and 19 to the interim financial report respectively.

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

The Group operates in various regions with different foreign currencies, mainly including Euro, USD and RMB.

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

The Group has not implemented any foreign currencies and interest rates hedging policy. However, management of the Group will monitor foreign currencies and interest rates for each business segment and consider appropriate hedging policy in future when necessary.

Management Discussion and Analysis

Credit Exposure

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

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

Risk Management

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

Employees and Remuneration Policies

As at 30 September 2014, the total number of employees of the Group for continuing operations is 78 while that of the discontinued operations 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.

Consolidated Income Statement

For the six-month period ended 30 September 2014 – Unaudited
(Expressed in Hong Kong dollars)

	Note	Six-month period ended 30 September	
		2014 \$'000	2013 \$'000 (Re-presented)
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	18(c) & (d)	29,160	–
Loss from operations		(16,697)	(16,899)
Increase in fair value of investment properties	8(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		294	21,987

Consolidated Income Statement

For the six-month period ended 30 September 2014 – Unaudited

(Expressed in Hong Kong dollars)

		Six-month period ended	
		30 September	
Note	2014	2013	
	\$'000	\$'000	
		(Re-presented)	
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	
	2,052	14,936	
Non-controlling interests			
– from continuing operations	(100)	6,896	
– from discontinued operations	(1,658)	155	
	(1,758)	7,051	
Profit for the period	294	21,987	
Earnings/(loss) per share			
	7		
Basic:			
– Continuing operations	(2.0) cents	2.9 cents	
– Discontinued operations	2.4 cents	0.2 cents	
	0.4 cents	3.1 cents	

The notes on pages 20 to 45 form part of this interim financial report. Details of dividend payable to equity shareholders of the Company are set out in note 14.

Consolidated Statement of Comprehensive Income

For the six-month period ended 30 September 2014 – Unaudited

(Expressed in Hong Kong dollars)

	Note	Six-month period ended	
		2014 \$'000	2013 \$'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	18(b)	(7,128)	–
– Release of translation reserve upon disposal of subsidiaries	18(b) & (c)	(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

The notes on pages 20 to 45 form part of this interim financial report.

Consolidated Statement of Financial Position

at 30 September 2014

(Expressed in Hong Kong dollars)

		At 30 September 2014 (Unaudited) \$'000	At 31 March 2014 (Audited) \$'000
	<i>Note</i>		
Non-current assets			
Investment properties	8	363,212	355,567
Fixed assets	8	57,908	52,434
Interest in associates	9	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
		565,540	745,000
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
		1,227,578	1,459,839

Consolidated Statement of Financial Position

at 30 September 2014

(Expressed in Hong Kong dollars)

		At 30 September 2014 (Unaudited) \$'000	At 31 March 2014 (Audited) \$'000
	Note		
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
		487,018	591,234
Net current assets		740,560	868,605
Total assets less current liabilities		1,306,100	1,613,605
Non-current liabilities			
Bank loans	13	155,852	161,974
Deferred tax liabilities		15,744	20,089
		171,596	182,063
NET ASSETS		1,134,504	1,431,542
CAPITAL AND RESERVES	14		
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		1,134,504	1,431,542

The notes on pages 20 to 45 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six-month period ended 30 September 2014 – Unaudited

(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company				Non-controlling interests	Total equity
	Share capital	Other reserves (Note 14)	Retained profits (Note 14)	Total		
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 April 2014	4,774	587,250	645,863	1,237,887	193,655	1,431,542
Changes in equity for the six-month period ended 30 September 2014:						
Profit for the period	-	-	2,052	2,052	(1,758)	294
Other comprehensive income	-	(7,299)	-	(7,299)	(89)	(7,388)
Total comprehensive income for the period	-	(7,299)	2,052	(5,247)	(1,847)	(7,094)
Dividend paid	-	-	(152,783)	(152,783)	-	(152,783)
Acquisition of additional interests of a subsidiary	18(a)	(2,012)	-	(2,012)	12	(2,000)
Disposal of subsidiaries	18(b) & (c)	-	-	-	(139,211)	(139,211)
Deemed disposal of a subsidiary		(987)	-	(987)	987	-
Equity settled share-based transactions	14(c)	4,050	-	4,050	-	4,050
At 30 September 2014	4,774	581,002	495,132	1,080,908	53,596	1,134,504

Consolidated Statement of Changes in Equity

For the six-month period ended 30 September 2014 – Unaudited

(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company				Non-controlling interests	Total equity
	Share capital	Other reserves (Note 14)	Retained profits (Note 14)	Total		
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 April 2013	4,774	588,529	271,733	865,036	145,122	1,010,158
Changes in equity for the six-month period ended 30 September 2013:						
Profit for the period	-	-	14,936	14,936	7,051	21,987
Other comprehensive income	-	15,880	-	15,880	24,875	40,755
Total comprehensive income for the period	-	15,880	14,936	30,816	31,926	62,742
Disposal of deemed capital contribution from non-controlling shareholders	-	-	-	-	(791)	(791)
Equity settled share-based transactions	14(c)	2,025	-	2,025	-	2,025
At 30 September 2013	4,774	606,434	286,669	897,877	176,257	1,074,134

The notes on pages 20 to 45 form part of this interim financial report.

Consolidated Cash Flow Statement

For the six-month period ended 30 September 2014 – Unaudited

(Expressed in Hong Kong dollars)

	Six-month period ended	
	30 September	
Note	2014	2013
	\$'000	\$'000
Operating activities		
Cash used in operations	(163,032)	(41,131)
Tax paid	(12,082)	(256)
Net cash used in operating activities	(175,114)	(41,387)
Investing activities		
Decrease in bank deposits with maturity over 3 months	170,000	–
Acquisition of additional interests of a subsidiary	(24,000)	–
Net cash inflows from disposal of subsidiaries	24,933	–
Net cash outflows from acquisition of assets and liabilities through acquisition of a subsidiary	–	(22,201)
Other cash flows generated from/(used in) investing activities	26,044	(20,717)
Net cash generated from/(used in) investing activities	196,977	(42,918)
Financing activities		
Dividend paid	(176,655)	–
Other cash flows (used in)/generated from financing activities	(52,379)	21,375
Net cash (used in)/generated from financing activities	(229,034)	21,375
Net decrease in cash and cash equivalents	(207,171)	(62,930)
Cash and cash equivalents at 1 April	787,847	230,033
Effect of foreign exchange rate changes	142	(1,414)
Cash and cash equivalents at 30 September	580,818	165,689

The notes on pages 20 to 45 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2014

(Expressed in Hong Kong dollars unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report has 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.

This interim financial report has 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 report 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.

This interim financial report contains consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual report for the year ended 31 March 2014. The interim financial report and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

This interim financial report has not been audited or reviewed by the auditors pursuant to Hong Kong Standards on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

The financial information relating to the financial year ended 31 March 2014 that is included in the interim financial report as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. The annual financial statements for the year ended 31 March 2014 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 25 June 2014.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2014

(Expressed in Hong Kong dollars unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. 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 financial report 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 financial report 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 financial report as the Group does not have any impaired non-financial assets.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2014

(Expressed in Hong Kong dollars unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES (Continued)

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 report 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 18(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 operations in Asia.
- Distribution of construction and interior decorative materials and educational products – This segment derives its revenue from distribution of (i) stone composite surfaces products in the PRC and a license to use the relevant trademark in connection therewith and (ii) educational products in Hong Kong and the PRC.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2014

(Expressed in Hong Kong dollars unless otherwise indicated)

3 SEGMENT REPORTING (Continued)

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.

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 \$'000	Consolidated \$'000
	Property development \$'000	Property hospitality operations \$'000	Distribution of construction and interior decorative materials and educational products \$'000	Asset, investment and fund management \$'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

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2014

(Expressed in Hong Kong dollars unless otherwise indicated)

3 SEGMENT REPORTING (Continued)

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

Segment results (continued)

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

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2014

(Expressed in Hong Kong dollars unless otherwise indicated)

3 SEGMENT REPORTING (Continued)

Segment assets and liabilities

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

	At 30 September 2014 \$'000	At 31 March 2014 \$'000
Segment assets		
<i>Continuing operations</i>		
Property development	402,873	327,019
Property investment and hospitality operations	365,403	357,601
Distribution of construction and interior decorative materials and educational products	196,677	205,869
<i>Discontinued operations</i>		
Asset, investment and fund management	–	240,294
Total segment assets	964,953	1,130,783
Fixed assets	312	318
Interest in associates	131,053	98,688
Interest in a joint venture	13,367	13,584
Other receivables and deposits	100,440	1,585
Amount due from a joint venture	2,175	2,034
Bank deposits and cash	580,818	957,847
Total consolidated assets of the Group	1,793,118	2,204,839
Segment liabilities		
<i>Continuing operations</i>		
Property development	412,752	435,193
Property investment and hospitality operations	96,567	86,727
Distribution of construction and interior decorative materials and educational products	74,836	139,240
<i>Discontinued operations</i>		
Asset, investment and fund management	–	15,735
Total segment liabilities	584,155	676,895
Other payables	7,152	2,344
Loans from non-controlling shareholders	51,563	50,097
Dividend payable	–	23,872
Deferred tax liabilities	15,744	20,089
Total consolidated liabilities of the Group	658,614	773,297

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2014

(Expressed in Hong Kong dollars unless otherwise indicated)

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
	(Re-presented)	
(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
	5,321	7,810
Less: amounts capitalised (Note)	(1,319)	(6,816)
	4,002	994

Note: 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 (note 18(c) and (d))	(29,160)	–
Interest income	(4,363)	(201)
Net foreign exchange (gain)/loss	(4,090)	100
<i>Discontinued operations</i>		
Depreciation of fixed assets	94	152
Interest income	(47)	(72)
Net foreign exchange gain	(47)	(248)

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2014
(Expressed in Hong Kong dollars unless otherwise indicated)

5 INCOME TAX

	Six-month period ended	
	30 September 2014	2013
	\$'000	\$'000
	(Re-presented)	
Continuing operations		
<i>Current tax</i>		
Hong Kong Profits Tax		
– Provision for the period	1,712	–
– Over-provision in respect of prior year	(79)	–
	1,633	–
PRC Enterprise Income Tax	2,095	1,995
Other jurisdictions Enterprise Income Tax	6	–
	3,734	1,995
<i>Deferred tax</i>		
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.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2014

(Expressed in Hong Kong dollars unless otherwise indicated)

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 18(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	(12,539)	(10,746)
Gross profit	3,062	9,069
Other revenue and other net income	674	687
Administrative and other operating expenses	(8,081)	(8,530)
(Loss)/profit before taxation	(4,345)	1,226
Income tax	-	(124)
(Loss)/profit for the period	(4,345)	1,102
Gain on disposal of discontinued operations	14,193	-
	9,848	1,102
The net cash flows incurred by the discontinued operations are as follows:		
Net cash used in operating activities	(27,671)	
Net cash generated from investing activities	30,861	
Net cash inflows	3,190	

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2014

(Expressed in Hong Kong dollars unless otherwise indicated)

7 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit/(loss) 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 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)
At 30 September 2014/31 March 2014	363,212	355,567

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 18).

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2014

(Expressed in Hong Kong dollars unless otherwise indicated)

9 INTEREST IN ASSOCIATES

	At 30 September 2014 \$'000	At 31 March 2014 \$'000
Cost of investment in unlisted associates	90,919	67,625
Share of post-acquisition profits and other comprehensive income	40,134	31,063
	131,053	98,688

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
	–	187,068

The unlisted fund investments represent investment in funds in the PRC. These funds principally invest in real estate properties in the PRC. During the six-month period ended 30 September 2014, these unlisted fund investments and equity securities were disposed of through disposal of a subsidiary (note 18(b)).

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
	91,145	105,508

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

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2014

(Expressed in Hong Kong dollars unless otherwise indicated)

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
	52,243	78,134

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
	269,404	323,270

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
	269,404	323,270

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2014

(Expressed in Hong Kong dollars unless otherwise indicated)

13 BANK LOANS (Continued)

- (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).

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2014

(Expressed in Hong Kong dollars unless otherwise indicated)

14 CAPITAL RESERVES AND DIVIDEND

(a) Other reserves

	Share premium	Investment revaluation reserve (Note (i))	Translation reserve (Note (ii))	Capital reserve (Note (iii))	Other reserves (Note (iv))	Special reserve (Note (v))	Total	Retained profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 April 2014	469,130	6,369	1,408	6,075	36,968	67,300	587,250	645,863	1,233,113
Profit for the period	-	-	-	-	-	-	-	2,052	2,052
Other comprehensive income	-	(7,128)	(171)	-	-	-	(7,299)	-	(7,299)
Total comprehensive income for the period	-	(7,128)	(171)	-	-	-	(7,299)	2,052	(5,247)
Dividend paid	-	-	-	-	-	-	-	(152,783)	(152,783)
Acquisition of additional interests of a subsidiary (note 18(a))	-	-	-	-	(2,012)	-	(2,012)	-	(2,012)
Deemed disposal of a subsidiary	-	759	(2)	-	(1,744)	-	(987)	-	(987)
Equity settled share-based transactions (note 14(c))	-	-	-	4,050	-	-	4,050	-	4,050
At 30 September 2014	469,130	-	1,235	10,125	33,212	67,300	581,002	495,132	1,076,134

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2014

(Expressed in Hong Kong dollars unless otherwise indicated)

14 CAPITAL RESERVES AND DIVIDEND (Continued)

(a) Other reserves (continued)

	Share premium	Investment revaluation reserve (Note (i))	Translation reserve (Note (ii))	Capital reserve (Note (iii))	Other reserves (Note (iv))	Special reserve (Note (v))	Total	Retained profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 April 2013	469,130	14,844	287	-	36,968	67,300	588,529	271,733	860,262
Profit for the period	-	-	-	-	-	-	-	14,936	14,936
Other comprehensive income	-	14,394	1,486	-	-	-	15,880	-	15,880
Total comprehensive income for the period	-	14,394	1,486	-	-	-	15,880	14,936	30,816
Equity settled share-based transactions (note 14(c))	-	-	-	2,025	-	-	2,025	-	2,025
At 30 September 2013	469,130	29,238	1,773	2,025	36,968	67,300	606,434	286,669	893,103

Notes:

- (i) Investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale investments held at the end of the reporting period, net of deferred tax (if any). During the six-month period ended 30 September 2014, all the Group's available-for-sale investments were disposed of through disposal of a subsidiary (note 18(b)), and accordingly the investment revaluation reserve were released to retained profits through other comprehensive income.
- (ii) Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.
- (iii) Capital reserve represents the movement of fair value of unexercised share options granted by an indirect wholly-owned subsidiary of the Company to an independent third party in respect of the provision of the marketing and consultancy services. The Group recognised equity share-based payments of \$4,050,000 in respect of these services for the six-month period ended 30 September 2014 (six-month period ended 30 September 2013: \$2,025,000).

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2014

(Expressed in Hong Kong dollars unless otherwise indicated)

14 CAPITAL RESERVES AND DIVIDEND (Continued)

(a) Other reserves (continued)

Notes: (Continued)

- (iv) Other reserves comprises the differences between the consideration and carrying amount of net assets attributable to the addition and reduction of interests in subsidiaries being acquired from and disposed to non-controlling shareholders respectively.
- (v) Pursuant to a deed for sale and purchase dated 3 August 2009 entered into between Tiger Crown Limited, Scenemay Holdings Limited, Mr. Ng Tak Kwan, Mr. Leung Kai Ming and Mr. Wong Kim Hung, Patrick as vendors (collectively referred to as the "Vendors"), and the Company as purchaser, the Company issued 69,990,000 shares of \$0.01 each amounting to approximately \$700,000 to the Vendors for acquiring the entire issued share 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 \$67,300,000 representing the difference between the nominal value of the shares issued by the Company and the issued share capital and share premium of Sundart Holdings at the date of the share swap.

(b) Dividend

- (i) The board of directors 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) Dividend 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

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2014

(Expressed in Hong Kong dollars unless otherwise indicated)

14 CAPITAL RESERVES AND DIVIDEND (Continued)

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

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

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

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

No option was cancelled or forfeited during the six-month period ended 30 September 2014.

15 MATERIAL RELATED PARTY TRANSACTIONS

(a) Other related party transactions

	Six-month period ended	
	30 September	
	2014	2013
	\$'000	\$'000
Fitting-out work acquired from an associate	6,085	–
Management fee expense to an associate	228	135
Construction cost of properties under development for sale to an associate	–	64,394
Hospitality service fee income from a joint venture	145	–

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2014

(Expressed in Hong Kong dollars unless otherwise indicated)

15 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Compensation of key management personnel

	Six-month period ended	
	2014	2013
	\$'000	\$'000
Salaries and short-term benefits	13,064	13,031
Post-employment benefits	34	38
	13,098	13,069

16 CAPITAL COMMITMENTS

The Group has the following capital commitments outstanding and not provided in the interim financial report:

	At 30 September	At 31 March
	2014	2014
	\$'000	\$'000
Authorised but not contracted for	–	82
Contracted for	–	6,589
	–	6,671

17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

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

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

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2014

(Expressed in Hong Kong dollars unless otherwise indicated)

17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

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

Fair value hierarchy (continued)

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group's unlisted available-for-sale investments were disposed of through disposal of a subsidiary during the six-month period ended 30 September 2014 (note 18(b)). At 31 March 2014, the Group's unlisted available-for-sale investments were stated at fair value of \$187,068,000 and were categorised as Level 3.

During the six-month period ended 30 September 2014 and 30 September 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 fair value hierarchy classifications.

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

	2014	2013
	\$'000	\$'000
Unlisted available-for-sale investments:		
At 1 April	187,068	253,526
Additions	6,309	71,087
Disposals	(37,226)	(27,984)
Disposals through disposal of a subsidiary (note 18(b))	(156,165)	–
Deemed disposal	–	(121,720)
Net unrealised gains or losses recognised in other comprehensive income during the period/year	–	12,173
Exchange adjustments	14	(14)
At 30 September 2014/31 March 2014	–	187,068

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2014

(Expressed in Hong Kong dollars unless otherwise indicated)

17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

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

Fair value hierarchy (continued)

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

Information about Level 3 fair value measurement

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

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

The carrying amounts of the Group's financial assets and liabilities other than available-for-sale investments are not materially different from their fair values as at 30 September 2014 and 31 March 2014.

18 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.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2014

(Expressed in Hong Kong dollars unless otherwise indicated)

18 ACQUISITION OF ADDITIONAL INTERESTS OF A SUBSIDIARY AND DISPOSAL OF SUBSIDIARIES (Continued)

(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%.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2014

(Expressed in Hong Kong dollars unless otherwise indicated)

18 ACQUISITION OF ADDITIONAL INTERESTS OF A SUBSIDIARY AND DISPOSAL OF SUBSIDIARIES (Continued)

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

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

	At 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
Total assets	250,056
Liabilities:	
Trade and other payables	(6,647)
Deferred tax liabilities	(6,245)
Total liabilities	(12,892)
Net assets	237,164
Non-controlling interests	(151,929)
Net assets disposed of	85,235
Fair value of consideration	96,857
Fair value of 9.74% equity interests of deemed acquisition of KLR Holdings	23,294
Net assets disposed of	(85,235)
Goodwill disposed of	(27,934)
Release of translation reserve	83
Release of investment revaluation reserve	7,128
Gain on disposal of KLR Holdings	14,193

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2014

(Expressed in Hong Kong dollars unless otherwise indicated)

18 ACQUISITION OF ADDITIONAL INTERESTS OF A SUBSIDIARY AND DISPOSAL OF SUBSIDIARIES (Continued)

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

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

	At 27 September 2014 \$'000
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)

(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, are 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.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2014

(Expressed in Hong Kong dollars unless otherwise indicated)

18 ACQUISITION OF ADDITIONAL INTERESTS OF A SUBSIDIARY AND DISPOSAL OF SUBSIDIARIES (Continued)

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

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/>

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2014

(Expressed in Hong Kong dollars unless otherwise indicated)

18 ACQUISITION OF ADDITIONAL INTERESTS OF A SUBSIDIARY AND DISPOSAL OF SUBSIDIARIES (Continued)

(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/>

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2014

(Expressed in Hong Kong dollars unless otherwise indicated)

19 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 \$542,064,000 (31 March 2014: \$557,065,000). The banking facilities were utilised to the extent of \$259,632,000 (31 March 2014: \$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.

20 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.

21 APPROVAL OF INTERIM FINANCIAL REPORT

The interim financial report was approved by the Board on 27 November 2014.

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.

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

Up to the date of this report, 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 Future 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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities transactions by Directors of listed Issuers (the "Model Code"), were as follows:

Name	Long/Short position	Capacity	Number of shares	Approximate percentage of the issued share capital of the Company
CHAN William	Long	Interest in a controlled corporation ⁽¹⁾	97,104,000	20.34
	Long	Other interest ⁽²⁾	97,104,000	20.34
	Long		9,000,000	1.89
			<hr/>	<hr/>
		203,208,000	42.57	
NG Tak Kwan	Long	Beneficial owner	84,000,000	17.59

Notes:

1. Tiger Crown Limited, which beneficially owned 97,104,000 shares of the Company is 100% owned by Rykadan Holdings Limited which in turn is 100% held by HSBC International Trustee Limited as the trustee of Rykadan Trust. CHAN William is the settlor and protector and one of the discretionary beneficiaries of Rykadan Trust.
2. Since Tiger Crown Limited, Scenemay Holdings Limited, CHAN William, LI Chu Kwan and LI Wing Yin are regarded as a group of shareholders acting in concert to exercise their voting rights in the Company, pursuant to the provisions of the SFO, each of them is deemed to be interested in the 97,104,000 shares of the Company owned or deemed to be interested by each other. Hence, CHAN William is also deemed to be interested in the 97,104,000 shares of the Company owned by Scenemay Holdings Limited.
3. All the shares of the Company shown in the table above are ordinary shares.

Corporate Governance and Other Information

SUBSTANTIAL SHAREHOLDERS

Up to the date of this report, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following substantial shareholders (other than the directors and chief executives of the Company) had notified the Company of relevant interests in the issued share capital of the Company:

Name	Long/Short position	Capacity	Number of shares	Approximate percentage of the issued share capital of the Company
HSBC International Trustee Limited	Long	Corporate trustee ⁽¹⁾ ⁽²⁾	194,208,000	40.68
Rykadan Holdings Limited	Long	Interest in a controlled corporation ⁽¹⁾ ⁽²⁾	194,208,000	40.68
Tiger Crown Limited ⁽¹⁾	Long	Beneficial owner	97,104,000	20.34
	Long	Other interest ⁽²⁾	97,104,000	20.34
			<hr/> 194,208,000	<hr/> 40.68
Scenemay Holdings Limited	Long	Beneficial owner	97,104,000	20.34
	Long	Other interest ⁽²⁾	97,104,000	20.34
			<hr/> 194,208,000	<hr/> 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
			<hr/> 194,208,000	<hr/> 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
			<hr/> 194,208,000	<hr/> 40.68

Corporate Governance and Other Information

Notes:

1. Tiger Crown, which beneficially owned 97,104,000 shares of the Company, is 100% owned by Rykadan Holdings Limited which in turn is 100% held by HSBC International Trustee Limited as the trustee of Rykadan Trust. CHAN William is the settler and protector and one of the discretionary beneficiaries of Rykadan Trust.
2. Since Tiger Crown Limited, Scenemay Holdings Limited, CHAN William, LI Chu Kwan and LI Wing Yin are regarded as a group of shareholders acting in concert to exercise their voting rights in the Company, pursuant to the provisions of the SFO, each of them is deemed to be interested in the 97,104,000 shares of the Company owned or deemed to be interested by each other.
3. As the entire issued share capital of Scenemay Holdings Limited is owned by LI Chu Kwan and LI Wing Yin in equal shares, each of LI Chu Kwan and LI Wing Yin is deemed to be interested in the 97,104,000 shares of the Company owned by Scenemay Holdings Limited.
4. All the shares of the Company shown in the table above are ordinary shares.

SHARE OPTION SCHEME

The Company adopted a share option scheme pursuant to the written resolutions of all the shareholders passed on 3 August 2009. As at 30 September 2014, no share option under the share option scheme had been granted.

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.

SUFFICIENT 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 interim reporting period as required under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Corporate Governance and Other Information

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.

Corporate Governance and Other Information

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.

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